



H.B. 42

127th General Assembly
(As Introduced)

Reps. J. Stewart, Combs, Carano, Collier, R. McGregor, Dodd, Fende, Hite

BILL SUMMARY

- Establishes a joint bipartisan committee to recommend to the General Assembly a system that provides state funds to pay 100% of the actual cost of providing a thorough and efficient education to each public school student.
- Requires the Department of Education to include certain statewide school funding information in the funding and expenditure accountability report prepared for each school district.

CONTENT AND OPERATION

Joint bipartisan study committee

(R.C. 3317.60)

Appointment and duties

The bill requires the Senate President and Speaker of the House of Representatives, within 60 days after the bill's effective date, to appoint a joint bipartisan committee to study and determine the current and five-year projected cost of providing a thorough and efficient education to each public school student and to recommend legislative changes necessary to establish a system to provide state funding to each public school in Ohio in an amount equal to 100% of the actual cost as determined by the committee. The committee must make its recommendations to the General Assembly not later than 18 months after the bill's effective date.

Committee recommendation

The bill requires the committee's school funding system recommendation to provide for all of the following:

(1) State funding for 100% of the actual base cost of a thorough and efficient education for each student in a public school and 100% of the actual cost of all special education, career-technical education, gifted education, poverty-based assistance, and transportation costs attributable on a per pupil basis;

(2) Calculation of actual costs without the use of an inferential method;

(3) Recalculation of actual costs once every two years;

(4) Authority for a school district to levy additional taxes with the approval of the district's voters for funding of operating costs of providing services not paid for with state funds. The system must specify the services for which state funding will and will not be provided.

(5) Guarantee to each school district that for the first ten years following the enactment of the new system the district will not receive state funding in an amount less than the district received under Ohio's school funding law as it existed June 30, 2010. After the end of the 10-year period, the guarantee must be phased out in annual increments of 3% on a district-by-district basis until the amount of state funding received by a district equals the amount calculated for the district under the system described in (1) above. The goal of the system is that by the end of the 10-year period, the disparity between the highest-funded school district and the lowest-funded school district in base-cost per pupil funding is not more than 20%.

(6) Uniform statewide accounting and auditing procedures for all school districts.

Augmentation of annual funding and accountability report

(R.C. 3302.033; Section 2)

Current law requires that, in addition to the annual school district and school building grade cards, the Department of Education must prepare certain other reports and make copies of them available to the superintendents of each district. One of the required additional reports is the funding and expenditure accountability report that consists of the amount of state aid payments the school district is to receive and any other fiscal data the Department determines is necessary to inform the public about the financial status of the district. The bill would augment that report by requiring the following information to be included about the state's performance on public education funding:

(1) The current and five-year projected cost of a thorough and efficient education for every student and the added cost of providing services for special education, career-technical education, gifted students, and economically

disadvantaged students as determined by the joint bipartisan study committee established under the bill;

(2) By district and building, expenditures for operation and facilities construction and maintenance;

(3) The amount of operations funding disparity among school districts in Ohio using all of the following methods of measurement: ratio of revenue of the highest-funded district to the revenue of the lowest-funded district; federal range ratio; Gini coefficient; and McLoone index.¹

The Department is not required to include in the funding and expenditure accountability report the information described in (1) above until the joint bipartisan study committee has determined the actual cost of a thorough and efficient education for primary and secondary students. The bill requires the Department to report the items described in (2) and (3) above to the committee when publishing the funding and expenditure accountability reports.

HISTORY

ACTION	DATE
Introduced	02-20-07

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¹ Many methods are available to measure the variation in school district resources within a state. The bill, in addition to the ratio of revenue of the highest-funded to that of the lowest-funded school district, requires the use of the federal range ratio, Gini coefficient, and McLoone index. The **federal range ratio** is obtained by dividing the difference between the district at the 5th and 95th percentiles of per-pupil revenues by the per-pupil revenues at the 5th percentile. The **Gini coefficient** is a number between 0 and 1, where 0 corresponds with perfect equality (where every school district has the same resources) and 1 corresponds with perfect inequality (where one school district has all the resources, and all the others have zero resources). The **Gini index** is the Gini coefficient in percentage form, and equals the Gini coefficient multiplied by 100. The **McLoone index** is the ratio of the total amount spent on pupils below the median to the amount that would be needed to raise all students to the median per-pupil expenditure in the state.