



Ohio Legislative Service Commission

Bill Analysis

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H.B. 41

128th General Assembly
(As Introduced)

Reps. Gerberry, Hagan, Dyer, Harris, Newcomb, Okey, Yuko, Dodd, Stebelton, Otterman, S. Williams

BILL SUMMARY

- Requires that the Department of Education annually distribute on a per pupil basis to public and chartered nonpublic schools lottery profits in excess of the amount of those profits appropriated for Foundation Funding in fiscal year 2009 plus the amount of profits spent for school facilities debt service in the previous fiscal year.

CONTENT AND OPERATION

Per pupil distribution of excess lottery profits

(R.C. 3317.0212 and 3770.06)

The bill requires the Department of Education, each year by August 1, to distribute an amount of excess lottery profits divided among all of the following on a per pupil basis: (1) city, local, exempted village, and joint vocational school districts, (2) community schools,¹ (3) STEM schools,² and (4) chartered nonpublic schools.³ A school

¹ A community school (often called a "charter school") is a public school that operates independent of a school district under a contract with a public or private sponsor.

² "STEM" is an acronym for "science, technology, engineering, and mathematics." STEM schools are specialized schools with integrated project-based curricula for any of grades 6 through 12 operated by a partnership of public and private entities that must include at least one school district.

³ A chartered nonpublic school is a private school that holds a charter from the State Board of Education and, thus, agrees to comply with specified operating standards. These schools receive some administrative cost reimbursement from the state, and their students receive some services and goods paid for with state Auxiliary Services funds. The schools that would be eligible to receive funds under the bill include also those chartered nonpublic schools that enroll students who have been awarded state

district or school may use the funds received under the bill for "any lawful purpose, except for the payment of salaries and benefits." The aggregate amount to be distributed is the amount of lottery profits transferred into the Lottery Profits Education Fund during the previous fiscal year (as certified by the Director of Budget and Management to the Superintendent of Public Instruction by July 15) in *excess* of the sum of:

(1) The total amount appropriated from that Fund for Foundation Funding for fiscal year 2009 (\$667,900,000) (which the bill calls the "base lottery profits amount"); plus

(2) The amount paid from that Fund during the previous fiscal year for debt service on school facilities bonds.

Background

Section 6, Article XV of the Ohio Constitution requires that the proceeds of the State Lottery "be used solely for the support of elementary, secondary, vocational, and special education." Accordingly, the implementing statutory law provides that the profits from the sales of lottery games, that is, the amount left over after paying prizes and the cost of operating the lottery, be deposited into the Lottery Profits Education Fund. The statute further states that monies in that fund be used for the support of elementary, secondary, vocational, and special education programs, as required by the Constitution, and for payment of debt service on state bonds issued to pay the cost of school facilities projects.⁴

Historically, most of the lottery profits each year have been appropriated for Foundation Funding for schools.⁵ Generally, that amount has been somewhere between \$500 million and \$700 million. A much smaller amount has sometimes been appropriated for lease-rental payments and debt service on state-assisted school facilities projects. Since 1988, lottery profits have made up between 7% and 17% of the total amount of state funding appropriated for K-12 education. The percentage has declined as overall state appropriations for K-12 funding have increased. Excess lottery profits, the amount that exceeds the amount projected, if any, usually has been appropriated for certain specific purposes.

scholarships under the Cleveland Scholarship Program, the Autism Scholarship Program, and the Educational Choice Scholarship Pilot Program.

⁴ R.C. 3770.06(B).

⁵ Foundation Funding is a formula driven calculation of state funding to school districts.

HISTORY

ACTION

DATE

Introduced

02-24-09

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