



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** [S.B. 180 of the 128th G.A.](#)

**Date:** October 27, 2009

**Status:** As Introduced

**Sponsor:** Sen. Husted

**Local Impact Statement Procedure Required:** No — Possible indirect local effects

**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 no longer educating these students.

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## 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, 2009, is rated in need of continuous improvement or above on the annual school building report cards. In FY 2009, 130 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 membership<sup>1</sup> (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 2010, the base amount deducted for each e-school student is \$5,718.<sup>2</sup> Since the district will no longer be responsible for educating the student, its expenditures may also decrease.

If a student leaves a nonpublic school to attend an e-school, the state's expenditures may increase since the student will now be counted in statewide ADM. Generally, the district's ADM will increase, causing an increase in its state funding allocation, and it will have funding deducted as described above. In this case, since the district was not educating the student, it will not be able to decrease those expenditures. These effects 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. In FY 2010, approximately 590 (96.4%) of the districts are either on the guarantee or under the cap.

### Teacher and principal licensure

The bill modifies the qualifications required by Am. Sub. H.B. 1 of the 128th General Assembly 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 beyond the current H.B. 1 requirements.

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

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