



Ohio Legislative Service Commission

Andrew Plagenz

Fiscal Note & Local Impact Statement

Bill: [H.B. 205 of the 129th G.A.](#)

Date: May 31, 2011

Status: As Introduced

Sponsor: Rep. Derickson

Local Impact Statement Procedure Required: Yes

Contents: Permits the establishment of hybrid community schools

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

- If the establishment of new hybrid community schools, as permitted by the bill, results in an increase in community 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.
- Beginning in FY 2013, if any existing e-school chooses to restructure as a hybrid community school, the bill may lead to a decrease in state revenues for school districts as the per pupil transfer from a district's state aid to a hybrid school (as proposed) is greater than the transfer for e-school students (under current law).

Detailed Fiscal Analysis

Overview

The bill permits the establishment of new hybrid community schools that provide students with a combination of both technology-based instruction, including Internet- and computer-based instruction, and traditional classroom-based instruction. The bill also permits existing community schools to restructure as hybrid schools.¹ Under the proposal, hybrid schools are not subject to the existing moratorium on Internet- and computer-based community schools (e-schools). The bill provides for a hybrid school to be funded in the same manner as a "brick and mortar" community school, rather than an e-school.

New hybrid schools funding

If a student leaves a traditional school district to attend a hybrid school, the district's revenues and expenditures may both be affected. Under the current state funding formula, the student will continue to be counted in the average daily membership (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 hybrid school. In FY 2011, the base amount deducted for each brick and mortar community school student is \$5,718.² Since the district will no longer be responsible for educating the student, its expenditures may also decrease.

In addition, if any existing e-school restructures as a hybrid community school, deductions from school district's state aid may increase. The bill requires hybrid schools to be funded in the same manner as brick and mortar community schools, rather than e-schools. Under current law, e-schools receive only per pupil base-cost funding, plus special education weighted funding for serving students with disabilities. Brick and mortar schools, on the other hand, receive additional subsidies such as career-technical education weighted funding, poverty-based assistance, and parity aid. Therefore, deductions for any student whose status changes from e-school student to hybrid community school student will increase. Because the district is not currently responsible for educating these students, it will not realize a corresponding decrease in expenditures. Because these students are already included in statewide ADM calculations, there is no fiscal impact on the state.

¹ In order for an existing school to restructure, its sponsor must approve and its governing authority must amend the contract with its sponsor prior to July 1 of the school year in which it is to be restructured.

² The method for funding community schools may change in FY 2012, as the formula for allocating state aid to public schools is generally updated in the main appropriations bill. The House-passed version of Am. Sub. H.B. 153 proposes to set the base amount for community school students at \$5,653 for FY 2012 and FY 2013.

Finally, if a student leaves a nonpublic school to attend a new hybrid community 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 have a decrease in 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 2011, approximately 575 of the 612 districts are either on the guarantee or under the cap.³

Transportation costs

Under the bill, students attending a hybrid community school are entitled to transportation, provided by their resident school districts, to and from the school's designated site for classroom-based instruction. If an existing e-school restructures as a hybrid school, school districts will be required to provide transportation to eligible students, and may realize an increase in transportation costs related to the transport of students attending hybrid schools.

Under current law, school districts are required to provide transportation to community school students in grades K to 8 who reside in the district and who live more than two miles from the school they attend. Districts may, but are not required to, transport high school students to and from their community schools. A district, however, is not required to transport students of any age to and from a community school if the direct travel time by school bus, from the district school the student would otherwise attend to the community school, is more than 30 minutes.

HB0205IN.docx / sle

³ As with community school funding, the method of funding school districts may change in FY 2012. The House-passed version of Am. Sub. H.B. 153 does include a guarantee for districts but does not place a growth cap on district's state aid. Therefore, a district's funding may be responsive to changes in ADM. However, H.B. 153 does cap overall state funding for school districts so any increase in ADM related to hybrid schools would not impact total state aid expenditures.