



OHIO LEGISLATIVE SERVICE COMMISSION

Alexandra Vitale

Fiscal Note & Local Impact Statement

Bill: H.B. 369 of the 132nd G.A.

Status: As Introduced

Sponsor: Rep. Sweeney

Local Impact Statement Procedure Required: No

Subject: Minimum funding guarantee for certain school districts

State & Local Fiscal Highlights

- The bill adds a new component to the school funding formula to guarantee that school districts, whose median Ohio adjusted gross income is less than the state median, receive at least as much per-pupil state foundation funding as the per-pupil amounts of state funding for chartered nonpublic schools. In FY 2018, the estimated per-pupil amount guaranteed by the bill is \$1,290.
- In FY 2018, two school districts meet the criteria to qualify for additional funding under the bill and, thus, will experience a gain in revenue. Qualifying districts with lower per-pupil funding under the current school funding formula will receive higher per-pupil amounts under the bill's new funding component.
- The bill appropriates an additional \$600,000 in FY 2018 and \$550,000 in FY 2019 from the GRF to make the payments to qualifying school districts. The cost in future years will depend on changes in school district enrollment, property valuation, and median income as well as the amount of funding provided through the school funding formula before the bill's guarantee provision and the amount of per-pupil state funding for chartered nonpublic schools.

Detailed Fiscal Analysis

The bill adds a new component to the school funding formula that guarantees certain eligible city, local, and exempted village school districts will receive, after the temporary transitional aid guarantee, gain cap, and cap offset payment are applied, a per-pupil amount of state foundation funding that is at least as much as the statewide per-pupil amount of state funding for chartered nonpublic schools through auxiliary services funds and administrative cost reimbursements. To be eligible, a school district must have a median income index that is less than one, meaning the district's median Ohio adjusted gross income is less than the state median Ohio adjusted gross income. The median income index is a measure of each district's relative income wealth that is used in the calculation of a school district's state share index. The state share index is the measure the foundation formula uses to account for a district's capacity to raise local revenue when distributing state funds.

In FY 2018, the estimated per-pupil amount guaranteed by the bill amounts to \$1,290, based on the current per-pupil amount of \$885 for auxiliary services and the maximum \$405 per pupil to reimburse chartered nonpublic schools for state mandated administrative and clerical activities. In comparison, the statewide average foundation funding per pupil is about \$4,775 in FY 2018, according to the most recent data published by the Ohio Department of Education.

Currently, two school districts receive per-pupil state foundation funding less than \$1,290 and have a median income index less than one: Brooklyn City School District (CSD) in Cuyahoga County and Put-In-Bay Local School District (LSD) in Ottawa County. In FY 2018, Brooklyn CSD is estimated to receive additional funding of approximately \$572,000, or \$440 per pupil. Put-In-Bay LSD is estimated to receive additional funding of approximately \$20,000, or \$289 per pupil. The bill's payments are calculated so that districts further from the per-pupil guarantee amount receive a higher level of per-pupil funding from the new component.

The bill appropriates an additional \$600,000 in FY 2018 and \$550,000 in FY 2019 to GRF line item 200550, Foundation Funding, to make the additional payments. The cost in future years will depend on changes in school district enrollment, property valuation, and median income as well as the amount of funding provided through the school funding formula before the bill's guarantee provision and the amount of per-pupil state funding for chartered nonpublic schools.