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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

**H.B. 674**  
**136<sup>th</sup> General Assembly**

## **Fiscal Note & Local Impact Statement**

[Click here for H.B. 674's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsor:** Rep. K. Miller

**Local Impact Statement Procedure Required:** No

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### **Highlights**

- Districts and schools may gain additional flexibility in student transportation if they contract with a transportation network company (TNC) under the bill.
- The bill may increase or decrease the amount of state transportation funding allocated to districts that choose to enter a contract with a TNC, depending on ridership and other factors. However, state reimbursements will likely make up a small portion of the cost of transporting students using TNCs.
- The annual cost for the Attorney General's Bureau of Criminal Investigation to perform criminal background checks may increase to some degree. These costs will be more or less offset by gains in revenue from fees charged to conduct a background check.
- The State Board of Education may incur a minimal increase in costs for the Retained Applicant Fingerprint Database (RAPBACK) continuous criminal record monitoring service due to the enrollment of TNC drivers.

### **Detailed Analysis**

The bill allows the board of education of a school district or the governing authority of a public or private school to contract with a transportation network company (TNC)<sup>1</sup> to provide student transportation to and from school and school-related activities, such as extracurricular activities, field trips, and athletic events. The bill exempts a TNC driver who is providing transportation services under a contract from all of the rules otherwise governing student transportation vehicles and drivers, which, under continuing law, are regulated by the

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<sup>1</sup> A TNC is a ridesharing service, such as HopSkipDrive, Uber, Lyft, and similar transportation companies.

Department of Education and Workforce (DEW) and the Department of Public Safety (DPS). The bill requires all TNCs that provide student transportation under contract to fulfil several safety-related requirements, including but not limited to obtaining the complete driving record and completing a criminal records check for each driver who will provide student transportation under the contract, ensuring that all vehicles used for student transportation under the contract be inspected annually and are safe to drive, and allowing parents and legal guardians to monitor the location of the vehicle via GPS throughout the trip.

## **Fiscal effects**

### **Student transportation services**

Currently, the vast majority of student transportation in the state is provided by yellow school buses. Of the roughly 725,000 students whose school transportation was funded by traditional school districts in FY 2025, 692,000 (95.5%) used traditional school buses (transportation types I and II). Of the remainder, approximately 31,000 (4.3%) used public mass transit (type III) and roughly 1,400 (0.2%) used another form of transportation supported by a school district (types V and VI). Under current administrative rules, type V transportation consists of board-owned vehicles other than school buses, while type VI transportation consists of privately owned vehicles other than school buses.<sup>2</sup> In general, types V and VI cover transportation provided in smaller vehicles, like vans, sport utility vehicles (SUVs), and passenger cars. TNCs as permitted under the bill will likely fall into type VI. Types V and VI transportation generally is used when yellow school bus transportation is impractical or unavailable and in specialized circumstances, such as for students with special needs or who are homeless or in foster care.

Under current administrative rule, for each type V and VI student transported, the state reimburses a per-pupil amount equal to 50% of the statewide average transportation cost per rider as calculated by DEW. In FY 2025, this statewide average was \$1,214, for a type V and VI transportation reimbursement of \$607 per rider. State support for type V and VI transportation totaled approximately \$872,000 in FY 2025. However, small vehicles result in a higher total operating cost per rider than school buses or mass transit, as operating costs in FY 2025 for types V and VI transportation averaged over \$12,000 per rider. As a result, state reimbursements supported a small portion (5.0%) of districts' type V and VI transportation costs statewide, which totaled \$17.3 million in FY 2025. The bill is silent on how TNCs are to be accounted for in the transportation funding formula, although presumably they will be incorporated into the current type VI transportation funding structure as described above.

The cost to districts and schools that choose to enter a contract with a TNC will depend on the structure of the contract (i.e., whether districts will reimburse actual costs, use a mileage- or rider-based structure, or some other method) and any changes in ridership for other modes of transportation in the transportation funding formula. In practical terms, the bill is likely to add TNCs as another option for students already receiving type VI transportation services, and may also replace some type III (mass transit) or type V (other board-owned vehicle) transportation in certain circumstances. The use of TNCs may also provide additional flexibility to school districts

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<sup>2</sup> Ohio Administrative Code 3301-83-01.

that are providing payments in lieu of transportation (classified as type IV) for students deemed impossible or impractical to transport by other modes.

The costs of entering a contract with a TNC may depend on several factors, such as the number of riders, distance traveled, and time of day. The transportation service HopSkipDrive, which does not currently operate in Ohio, estimates that the national average one-way single ride cost for between one and four students is \$50. A sample of school-based routes using the ridesharing company Lyft ranged from \$10 to \$60 for a one-way trip, varying greatly depending on the distance traveled, the availability of drivers, and how remote the service area is. Statewide, K-12 schools must be open for a specific number of hours, which varies depending on grade level, rather than a set number of days. If a school is open for 180 days of instruction throughout the year, and one-way transportation costs \$50, then a contract with a TNC could cost districts and schools upwards of tens of thousands of dollars per rider per year, of which the state may reimburse a relatively small portion.

### **TNC driver background checks**

Under the bill, a TNC that provides student transportation services under a contract must, among other responsibilities, request a state and federal background check for a TNC driver prior to authorizing the driver to provide student transportation services. A TNC driver providing student transportation services also must be enrolled in the Retained Applicant Fingerprint Database (RAPBACK), a continuous criminal record monitoring service operated by the Attorney General's Office that provides participating entities notice that an individual they have enrolled in the database has been arrested or convicted of a criminal offense.

The bill may increase the workload of the Attorney General's Bureau of Criminal Investigation (BCI) if the number of background checks requested each year increases as a result of the bill. Any increase in BCI's annual operating expenses will be more or less offset by revenue from fees charged to conduct a check. BCI performs state-only background checks by comparing an individual's fingerprints against a database of criminal fingerprints to determine if there is a criminal record. BCI also administers federal background checks through the Federal Bureau of Investigation (FBI), which uses a national database to search for criminal history records. The base fees of the state-only and FBI background checks are \$22 and \$25.25, respectively. All of the fees are credited to the General Reimbursement Fund (Fund 1060),<sup>3</sup> with \$23.25 of the FBI background check fee subsequently disbursed to the FBI. BCI also charges participating agencies an initial fee for each individual entered in RAPBACK and an ongoing annual fee per individual, both of which are \$5 and deposited into Fund 1060. Accordingly, the State Board of Education's costs for RAPBACK enrollment may minimally increase. The State Board's budget is mainly funded by license fees and other revenues that are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90).

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<sup>3</sup> The Attorney General uses the money credited to Fund 1060 to pay for operating expenses incurred in the provision of law enforcement services, legal representation, and overall office administration.