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S.B. 127
136th General Assembly

Fiscal Note & Local Impact Statement

[Click here for S.B. 127's Bill Analysis](#)

Version: As Introduced

Primary Sponsor: Sen. Brenner

Local Impact Statement Procedure Required: Yes

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Highlights

- The bill establishes new criteria for the closure or restructuring of poorly performing traditional public schools, community schools, and science, technology, engineering, and mathematics (STEM) schools. The earliest a public school meeting the bill's criteria must close or restructure is at the conclusion of the 2027-2028 school year.
- Generally, the bill may increase costs for school districts and other public schools that would not have been required to implement a restructuring action under current law. These costs may vary widely depending on the particular action chosen and implementation decisions made by the district or school. Conversely, some districts and schools may avoid such costs as a result of the bill.
- The Department of Education and Workforce (DEW) may incur increased administrative costs to fulfill certain responsibilities under the bill.

Detailed Analysis

The bill revises the closure requirements for poorly performing traditional public school buildings, community schools, and science, technology, engineering, and mathematics (STEM) schools. The bill defines a poorly performing school building as a school building that offers a grade level higher than three, does not enroll a majority of its students in a dropout prevention and recovery program, has been ranked by the Department of Education and Workforce (DEW) in the bottom 5% for performance index score for three consecutive years, and has been ranked in the bottom 10% in effect size in the value-added progress dimension for three consecutive years. In general, the bill subjects traditional public schools, community schools, and STEM schools to the same criteria. However, community schools that enroll a majority of their students in a dropout

prevention and recovery program qualify for closure or an alternative to closure if they receive a “does not meet standards” designation from DEW for three consecutive years.

The bill prohibits DEW from considering report cards issued prior to the 2024-2025 school year in determining whether a school building is subject to closure or restructuring. As a result, the earliest that a school can close or restructure according to the bill is at the conclusion of the 2027-2028 school year, based on performance on the report cards for the 2024-2025, 2025-2026, and 2026-2027 school years.

DEW must provide notice to any school district in control of a school building that becomes subject to the bill’s closure or restructuring provisions. The bill expands the set of actions that the poor performing district’s school board can take. In general, upon the conclusion of the school year in which a building is first identified for closure or restructuring, the bill requires a district’s board of education to select one of the following five options (the options for community and STEM schools are similar): (1) close the school and direct the superintendent to reassign the students to high achieving school buildings, (2) contract with an education management organization, charter management organization, or school district that meets certain performance criteria to operate the school, (3) replace the principal and a majority of licensed staff, (4) consolidate the territory of the school district that controls the poor performing building with that of another school district, or (5) work with a DEW-approved external services provider with expertise in school improvement. If a school building operating under an alternative to closure continues to meet the closure criteria for the three consecutive years after one of the alternatives to closure is implemented, the bill requires the district board of education in control of the building to close it.

Under current law, the district’s board of education is limited to permanent closure, more restrictive versions of options (2) or (3), or reopening the school as a conversion community school. Current law does not permit community schools meeting closure criteria to restructure. Such a school must permanently close at the conclusion of the school year in which the school first becomes subject to the automatic closure law.

Fiscal effects

The number of public schools that will become subject to closure or restructuring under the bill is not known since it establishes the report cards for the 2024-2025 school year as the new starting point in determining whether a school building is subject to its provisions. In general, however, the bill may increase costs for school districts and other public schools that otherwise would not have been required to implement a restructuring action. These costs may vary widely depending on the particular action chosen and implementation decisions made by the district or school. Conversely, some districts and schools may avoid such costs if they are not identified under the new criteria but would have been under current law. Also, the bill may result in some avoided costs for districts and schools that may have been subject to closure or restructuring under current law prior to the 2028-2029 school year. LBO identified five traditional public schools that appear to meet the criteria in current law based on the report cards for the 2021-2022, 2022-2023, and 2023-2024 school years. DEW has identified 14 community schools that are at risk for closure based on the report cards for the 2022-2023 and 2023-2024 school years, including six currently open schools that met the closure criteria in both the 2022-2023 and 2023-2024 school years and eight currently open community schools that met the closure criteria only

for the 2023-2024 school year (a community school is identified for automatic closure under current law if it meets the criteria for the three most recent school years).^{1, 2}

State funding for public schools may be impacted to some degree. For example, a community school that closes as a result of the bill may result in students returning to a school operated by their resident school district. This may impact state foundation aid and the expenditures of the district, depending on the circumstances of the student and the district. Note that the current state foundation aid formula is in effect only through FY 2025. The General Assembly has yet to determine a school funding formula for FY 2026 and thereafter.

Additionally, DEW administrative costs may increase to determine which school buildings are subject to closure, provide notice to the districts and schools that become subject to closure or restructuring under the bill, and approve certain entities with whom a district or school may contract or work with to improve school performance.

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¹ See the DEW [Community Schools at Risk for Closure for the 2024-2025 School Year \(PDF\)](#), which may be accessed by conducting a keyword “At Risk for Closure List” search on the DEW website: education.ohio.gov.

² Current law prohibits community schools from being subject to automatic closure based on the report cards for the 2019-2020, 2020-2021, or 2021-2022 school years. In addition, current law sets the 2022-2023 school year report cards as a new starting point for automatic closure of community schools.