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S.B. 127
(with AM2318)
136th General Assembly

Fiscal Note & Local Impact Statement

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

Version: In Senate Education

Primary Sponsor: Sen. Brenner

Local Impact Statement Procedure Required: Yes

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Highlights

- The bill establishes new criteria for the automatic closure of poorly performing community schools, which may increase the number of community schools subject to closure. If so, traditional school districts and other public schools may incur increased costs to educate the students of the closed schools. These costs will likely be offset to some degree by increased state foundation aid through the school funding formula.

Detailed Analysis

The bill revises the automatic closure criteria for poorly performing community schools. In general, the bill transitions the closure criteria for a community school from being based on performance ratings on the state report cards to how a school ranks among other public schools on the performance index (PI) and, depending on the grade levels a school offers, the community school closure value-added progress dimension gain index.¹ The bill requires community schools that serve third grade, but no grade higher, and that rank in the bottom 5% for the PI score for three consecutive years to close, excluding community schools exempt from the automatic closure law because they are designated as a dropout prevention and recovery school or a special education school and schools that receive a proxy PI score developed by the Department of

¹ The value-added progress dimension for purposes of the automatic closure law uses assessment scores for only those students to whom a community school has administered state tests for at least the two most recent school years but uses value-added data from only the most recent school year.

Education and Workforce (DEW).² The bill also qualifies for closure a school building that offers grades 4-12 that has been ranked by DEW in the bottom 5% for the PI score using the same ranking method the bill uses for schools offering at least third grade, and has been ranked in the bottom 60% in the community school closure value-added progress dimension gain index, excluding community schools exempt from closure.

However, the bill phases in the new closure criteria for schools that enroll students in grades 4-12 over the next two school years, before taking full effect in the 2028-2029 school year. For the 2026-2027 school year, a school is subject to closure if it meets the current law closure criteria for the three previous school years and the bill's criteria for the 2025-2026 school year only. For the 2027-2028 school year, a school is subject to closure if it meets the current law criteria for the 2024-2025 school year only and the bill's requirements for the 2025-2026 and 2026-2027 school years. The bill's requirements will be fully phased in beginning with the 2028-2029 school year, as a school building will be eligible for closure if it meets the bill's closure requirements for each of the three previous school years (for example, for the 2028-2029 school year, meeting the requirements in the 2025-2026, 2026-2027, and 2027-2028 school years).

Under continuing law, a school must permanently close at the conclusion of the school year in which the school first becomes subject to the automatic closure law. So, for example, a school that meets the closure criteria for each of the 2025-2026, 2026-2027, and 2027-2028 school years would close following the end of the 2028-2029 school year.

Fiscal effects

The number of community schools that will become subject to closure under the bill is not known since report cards for the 2025-2026 school year and thereafter have not been released. However, the bill may increase the overall number of community schools subject to closure based on a snapshot comparison of the number of schools meeting automatic closure criteria for the 2024-2025 school year only. DEW identified 15 community schools as at risk for closure under current law based on the report cards for the 2024-2025 school years, including 13 community schools (12 currently open and one that has closed) that met the closure criteria only for the 2024-2025 school year and two currently open schools that met the closure criteria in each of the 2022-2023, 2023-2024, and 2024-2025 school years but are exempt from closure due to a provision in H.B. 206 of the 135th General Assembly (in general, a community school is identified for automatic closure under current law if it meets the criteria for the three most recent school years).³ LBO identified 21 community schools, all within the group of schools serving grades 4-12, that appear to meet the bill's criteria based on the report cards for the 2024-2025 school year. Of these, five were identified by DEW as at risk for closure under the current law criteria based on report card performance for the 2024-2025 school year.

If additional community schools close, 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

² For schools to which the performance index score does not apply (because, for example, the school only serves students below third grade and thus do not take state tests or there are fewer than ten tested students), current law requires DEW to use a proxy PI score for those buildings in the rankings so that schools may be reliably compared to each other.

³ See DEW's [Community Schools at Risk for Closure for the 2025-2026 School Year \(PDF\)](#).

students returning to a school operated by a school district or attending a different community school or a science, technology, engineering, and mathematics (STEM) school. This may impact state foundation aid and the expenditures of the educating district or school, depending on the circumstances of the student and the district or school. However, in general, the state bears the majority of the marginal cost of each additional student that is added to a district's funded enrollment. If a student switches to a different community school, state expenditures for that student will remain approximately the same, since all community schools are funded wholly by the state. Note that the current state foundation aid formula is in effect only through FY 2027. The General Assembly has yet to determine a school funding formula for FY 2028 and thereafter. In addition, the bill may result in some schools that may have been subject to closure under current law, but not under the bill.