OHIO LEGISLATIVE SERVICE COMMISSION

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Office of Research and Drafting

Legislative Budget Office

H.B. 127
133rd General Assembly

Fiscal Note & Local Impact Statement

Click here for H.B. 127's Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. K. Smith and Hambley

Local Impact Statement Procedure Required: No

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Highlights

- The bill's indefinite prohibition on new academic distress commissions (ADCs) may lower state expenditures because the state pays the salary of the chief executive officer of an ADC.
- School districts that would have become subject to an ADC under current law may have higher revenues and expenditures under the bill, as fewer students in the districts may qualify for scholarships under the traditional Educational Choice Scholarship Program. If a student receives a scholarship, the district does not incur the expense of educating the student and funding is deducted from the district's state aid.

Detailed Analysis

The bill prohibits the Superintendent of Public Instruction from establishing any new academic distress commissions (ADCs) on or after the bill's effective date. Under current law, the Superintendent must establish an ADC for any school district that receives, for three consecutive years, an overall grade of "F" on the report card or an equivalent prescribed for years for which there is no overall grade. Currently, three school districts are subject to an ADC. The bill has no effect on these existing ADCs.

Ohio Department of Education

Prohibiting new ADCs indefinitely may result in lower state expenditures as the state pays the salary of each ADC's chief executive officer (CEO). According to the Ohio Department of Education (ODE), total annual compensation for each of the current CEOs is estimated at $305,000 in FY 2019 and is expected to increase to approximately $352,000 in future years. Under current law, ODE expects a fourth ADC to be established in FY 2020 and an additional three ADCs to be established in FY 2021.

School districts

Current law qualifies all residents of a school district with an ADC to participate in the Educational Choice Scholarship Program. Under the program, students may obtain scholarships to attend chartered nonpublic schools. The scholarships are funded through deductions from a school district's state aid. School districts that would have become subject to an ADC under current law may receive higher levels of state aid under the bill, as fewer students may qualify for the program. These districts may also see an increase in expenditures, as they will continue to be responsible for educating these students.

The bill also may have indirect fiscal effects on the operating costs of school districts that otherwise would be subject to an ADC, depending on the actions that the ADC's CEO would have taken had an ADC been established. The CEO, who is appointed by the ADC, has complete operational, managerial, and instructional control of the district until the ADC ceases to exist. Low-performing school districts that would not be subject to an ADC as a result of the bill may still be subject to various interventions pursuant to ODE's system of differentiated accountability under the Department's federal Every Student Succeeds Act (ESSA) plan.

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