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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Office

S.B. 165
134th General Assembly

Fiscal Note & Local Impact Statement

[Click here for S.B. 165's Bill Analysis](#)

Version: As Introduced

Primary Sponsors: Sens. Manning and Brenner

Local Impact Statement Procedure Required: Yes

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Highlights

- The Lorain City School District (CSD) will likely incur costs to develop and, if ultimately approved by the State Board of Education, implement an academic improvement plan. These costs will depend on the strategies the district board chooses to improve academic performance.
- The Ohio Department of Education's administrative responsibilities will increase to assist the State Board in its review of Lorain CSD's improvement plan and progress in meeting academic improvement benchmarks.
- The bill's required performance audit of Lorain CSD may increase the Auditor of State's GRF expenditures or reduce the number of performance audits conducted for other entities.

Detailed Analysis

Lorain City School District

Under current law, the Superintendent of Public Instruction must establish an academic distress commission (ADC) for certain school districts with persistently low academic performance to guide actions to improve their performance. The law requires each ADC to appoint a chief executive officer (CEO) who has substantial powers to manage the operation of the district. The bill creates a process by which a school district subject to an ADC may reassume managerial and operational control from its state-appointed ADC prior to meeting the conditions prescribed by continuing law if the district first became subject to an ADC in 2013 and is currently subject to an ADC, as re-established in 2015. This only applies to the Lorain City School

District (CSD).¹ See [LSC's bill analysis](#) for details on how Lorain CSD must initiate and proceed through this process.

Under the bill, Lorain CSD's board of education must develop an academic improvement plan (encompassing three fiscal years – July 1, 2022 through June 30, 2025) and submit it to the Superintendent of Public Instruction. If ultimately approved by the State Board of Education, the district may reassume managerial and operational control from the ADC and the district's CEO. While the school district is implementing the approved academic improvement plan, the district's ADC, and presumably the district's CEO, continue to exist and provide assistance to the district, but neither have any operational or managerial control of the district.

Lorain CSD will likely incur costs to develop and, if ultimately approved by the State Board, implement its academic improvement plan. These costs will depend on the strategies the district board chooses to improve academic performance. Some costs could be covered by reallocating funds from existing improvement activities, but if the district board's plan leads the district in a different direction, implementation costs would likely be more than minimal. The district's administrative costs may increase to annually report to the State Board on the district's progress in meeting academic benchmarks in the improvement plan. Additionally, the bill permits the district to seek modifications to the plan within the three-year period.

Ohio Department of Education

The Ohio Department of Education's (ODE) administrative responsibilities will increase to assist the State Board of Education in reviewing Lorain CSD's improvement plan, evaluating the district's progress at the end of the three-year period, and, if applicable, reviewing requests for up to two one-year extension periods. Currently, ODE provides technical assistance and tools to support districts subject to an ADC using funds earmarked from GRF line item 200550, Foundation Funding. In FY 2021, \$1.76 million is allocated for this earmark, which primarily funds the salary of each ADC's CEO.

Auditor of State – Lorain CSD performance audit

The bill requires, within 60 days of its effective date, the Auditor of State to complete a performance audit of Lorain CSD and to submit findings to the district board of education and the district's ADC. The bill requires the Auditor to pay for the costs of the audit. The audit's cost will depend on its scope. The cost of a performance audit that is not supported by charges to the client is paid by the state through GRF line item 070402, Performance Audits, in the Auditor's budget. In FY 2021, \$1.6 million is appropriated to this item. Depending on appropriations for item 070402 and the cost of the audit required by the bill, this provision may increase the Auditor's performance audit expenditures or reduce the number of performance audits conducted for other entities.

¹ The other two districts subject to an ADC are the East Cleveland and Youngstown city school districts.