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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

S.B. 240  
134<sup>th</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for S.B. 240's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsor:** Sen. Peterson

**Local Impact Statement Procedure Required:** No

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### Highlights

- The bill may decrease administrative costs over time for community schools whose operator chooses to merge them into a community school network. Savings will depend on implementation decisions made by the operator and the number and size of community schools that merge to create a network.
- The Ohio Department of Education's administrative workload will increase, potentially significantly, in the short term to modify its information technology systems to allow for community school networks.
- The bill may impact state foundation funding, particularly disadvantaged pupil impact aid, for community schools that merge to form a community school network.

### Detailed Analysis

The bill permits a nonprofit community school operator and four or more community schools it has operated for the three most recent school years to create a community school network provided the community schools in the network meet certain geographic, academic performance,<sup>1</sup> sponsor rating, and financial requirements. Generally, the network is to be considered one community school, with certain exceptions for school closure, quality community school funding, and school recognition purposes. Accordingly, a network will have one governing authority, one common administration and staff with at least one site-based administrator at each facility, one licensed fiscal officer, one or more sponsors, and network-based bank accounts.

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<sup>1</sup> Academic performance will be assessed using certain results on the revised report cards that begin to be issued for the 2021-2022 school year under [H.B. 82 of the 134<sup>th</sup> General Assembly](#).

Thus, the bill may decrease administrative costs over time for the community schools that operators merge into a community school network. Also, the bill may result in more efficient data collection and reporting for community schools and the Ohio Department of Education (ODE). Any savings will depend on implementation decisions by community school operators that opt to merge schools and the number and size of community schools that merge to create a network.

However, the bill will pose short-term but potentially significant increases in ODE's administrative workload to allow for community school networks within its information technology (IT) systems, as ODE indicated that its current systems cannot accommodate them. ODE explained that IT system modifications will be necessary for reporting and funding purposes. As part of these changes, ODE will need to implement the separate report card required for each community school network. ODE will still issue separate report cards for each community school comprising the network.

The bill requires ODE to assign one primary internal retrieval number (IRN) to a community school network, with separate secondary IRNs for each community school in the network.<sup>2</sup> The network's primary IRN will be used for finance purposes. Combining the student count of all community schools in the network for financing purposes may impact community school funding through the state foundation formula. In particular, disadvantaged pupil impact aid (DPIA) may change depending on a network's aggregate economically disadvantaged percentage, how it differs from the percentages for the individual schools, and the number of community school networks formed.<sup>3</sup>

While the number of operators that will choose to form a community school network is uncertain, five appear to be currently eligible based only on their nonprofit status, the number of schools they operate, and the geographic location of the schools: Breakthrough Public Schools, Concept Schools, Imagine Schools, Inc., Summit Academy Management, and United Schools Network, Inc. Some operators may be able to establish multiple networks. The geographic regions of the schools with eligible operators suggests that the potential number of community school networks in the near term is likely somewhere under ten.

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<sup>2</sup> ODE defines an IRN as a unique number assigned to each organization that does business with the Department.

<sup>3</sup> In FY 2022 and FY 2023, DPIA is calculated based on the number and concentration of economically disadvantaged students in a school district or community or STEM school. Districts and schools with higher concentrations of poverty, relative to the statewide average economically disadvantaged percentage, receive larger amounts of DPIA. For FY 2024 and each fiscal year thereafter, DPIA and the various other components of the state foundation formula will be calculated in a manner determined by the General Assembly.