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Office

S.B. 208
135th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Passed by the Senate

Primary Sponsor: Sen. Roegner

Local Impact Statement Procedure Required: Yes

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Highlights

- The bill may incentivize additional military students to open enroll into other school districts by allowing a student from an active duty military family to open enroll in a district at no charge for tuition regardless of the student's resident district. District expenditures may increase to educate more students or decrease to educate fewer students, depending on the circumstances.
- Any foregone tuition revenue for a district open enrolling students under the bill may be offset to some extent by an increase in GRF-funded state aid through the foundation aid formula while state aid may decrease for districts with military students who leave to attend another district. Any changes in state aid will depend on the circumstances of each district and the characteristics of the open enrolling students.
- In particular, a district receiving a "guarantee" payment under the formula may bear new costs to educate military students open enrolling in the district, but may not receive any additional state aid. A guarantee district that loses military students to open enrollment may have lower expenditures but receive the same level of state aid.

Detailed Analysis

Overview

Under current law, each traditional school district must adopt an interdistrict open enrollment policy. The policy must do one of the following: (1) prohibit open enrollment except for students who pay tuition, (2) permit open enrollment only for students residing in adjacent districts, or (3) permit open enrollment for students from any district.

The bill creates a new requirement that districts with policies (1) or (2) above – that is, those that entirely prohibit open enrollment or those that allow it only for students from adjacent districts – must allow a student whose parent or guardian is an active duty member of the military to open enroll in the district regardless of the student’s resident district. Further, the bill prohibits districts from charging tuition for open enrolled active duty military students but requires a district enrolling a military child under the bill to comply with existing procedural requirements for open enrollment admissions, including capacity limits and admissions priority. Specifically, a district is not required to accept open enrollment students from military families if they are at capacity while admissions priority is given first to native students of the district, next to open enrollment students who have previously enrolled in the district, and then to first-time applicants. Finally, the bill sets requirements for counting such students for enrollment reporting and transportation purposes.

Fiscal effects

Tuition and state foundation aid

In the 2022-2023 school year, traditional school districts enrolled 7,330 full-time equivalent (FTE) students from active duty military families. Open enrollment students accounted for a small portion of these, totaling 265 FTEs (3.6%). Very few dependents of active duty military families currently are subject to paying district-charged tuition. Fewer than ten active duty military students statewide either paid tuition or had it paid for them by their district of residence, according to the Department of Education and Workforce. However, the bill may incentivize additional open enrollment of military students by prohibiting districts from charging tuition for them. If so, school district expenditures may increase to educate more students or decrease to educate fewer students, depending on the district’s circumstances.

To get a sense of the districts that may be most impacted by the bill, LBO looked at the top ten school districts by enrollment of students from active duty military families in the 2022-2023 school year that do not accept open enrollment or permit adjacent district open enrollment only. These districts are listed in the table below. These districts are predominantly located in and around Greene and Montgomery counties, in proximity to Wright-Patterson Air Force Base. However, several districts in other counties enrolled substantial numbers of active duty military students as well. Notably, these include Olentangy Local Schools in Delaware County and Worthington City Schools in Franklin County, near the Defense Supply Center Columbus. Most of these districts do not allow interdistrict open enrollment and none appear to allow students from other districts to attend on a tuition basis. Other districts, particularly those in the vicinity of these facilities, also may be impacted.

Because the bill prohibits the charging of tuition for active duty military students who do not reside in the district, these districts will forego tuition revenue for students to whom it otherwise would have been charged. Under continuing law, a district’s in-state tuition rate is based on its property and income taxes for operating expenses divided by its formula average daily membership (formula ADM). In general, formula ADM is a measure of the students residing in the district, including students attending another district through open enrollment; a community or science, technology, engineering, and mathematics (STEM) school; or a nonpublic school through certain state scholarship programs. The table below lists each of the ten districts’ in-state tuition rates for FY 2024. They range from about \$4,000 to over \$13,500.

Ohio’s system of funding public schools uses a student-based foundation aid formula to determine how much state aid a school district receives. The foundation aid formula is the main source of state support for public schools and is primarily funded by the GRF. The formula counts students in the school district where the student is educated. Therefore, the bill may increase state aid to districts that receive open enrolling students from military families and decrease state aid to districts whose students open enroll in other districts. State aid to those districts that receive open enrollment students could offset, to some extent, losses in tuition revenue for districts that would otherwise charge tuition for the enrollment of these students under current law. Under the current formula, which is in effect for FY 2024 and FY 2025 only, the change in state aid will depend on the circumstances of each district and the characteristics of the open enrolling students.

However, state aid may not change for certain districts. The foundation aid formula includes “guarantee” provisions that ensure a district’s state aid does not fall below certain historical funding levels. If a district receives a guarantee payment, its calculated funding must increase past the amount of the guarantee payment before the district actually receives any increase in state aid. Four of the ten districts in the table below are subject to at least one guarantee provision in FY 2024, and thus may not receive any additional state aid if a military student open enrolls into a district under the bill. Consequently, the bill may result in costs for a district on a guarantee to educate additional students for whom the district (a) will be prohibited from charging tuition and (b) will receive no new state aid. A guarantee district that loses military students to open enrollment may have lower expenditures but receive the same amount of state foundation aid.

Top Ten Districts in Student Enrollment from Active Duty Military Families Among Districts with Adjacent District or No Open Enrollment, 2022-2023 School Year					
District	County	# of Students from Active Duty Military Families	Allows Open Enrollment?	In-State Tuition Rate in FY 2024	District on Guarantee in FY 2024?
Beavercreek City	Greene	715	No	\$11,266	Yes
Centerville City	Montgomery	246	No	\$12,123	Yes
Fairborn City	Greene	211	No	\$6,511	No
Oakwood City	Montgomery	193	No	\$11,719	Yes
Springboro Community City	Warren	165	No	\$8,129	Yes
Bethel Local	Miami	135	Adjacent	\$3,969	No
Olentangy Local	Delaware	114	No	\$11,936	No
Worthington City	Franklin	114	No	\$13,585	No
Huber Heights City	Montgomery	110	No	\$5,342	No

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District	County	# of Students from Active Duty Military Families	Allows Open Enrollment?	In-State Tuition Rate in FY 2024	District on Guarantee in FY 2024?
New Albany-Plain Local	Franklin	86	No	\$11,231	No

Student transportation

The bill classifies a new open enrolling military student as an “other district student” (if the district otherwise prohibits open enrollment) or an “adjacent district student” (if a district otherwise allows open enrollment only for adjacent district students). For purposes of pupil transportation, continuing law requires that a district provide transportation to such students if the district offers transportation to students who are native to the district, in the same grade level, and the same distance from school. The requirement is limited to transportation within the district’s boundaries and, for students without disabilities, to regular school bus stops designated by the school district. Therefore, the bill likely has minimal, if any, fiscal effect on a district’s student transportation costs. Current law authorizes, but does not require, a district to reimburse parents for the reasonable cost of transporting a student from their home to a district bus stop if the student’s family has an income below the federal poverty line. A district that transports a student open enrolling into the district under the bill will receive no additional state transportation aid, as the transportation formula only counts students residing in the district for funding purposes.¹

¹ The count is the average number of qualifying riders provided school bus service by a school district during the first full week of October.