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OHIO LEGISLATIVE SERVICE COMMISSION

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Office

S.B. 311
135th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsor: Sen. O'Brien

Local Impact Statement Procedure Required: No

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Highlights

- Permitting eligible students to receive an EdChoice or Cleveland scholarship concurrently with an Autism or Jon Peterson Special Needs scholarship may increase state scholarship costs to the GRF by up to approximately \$38 million annually. This estimate should be considered rough due to various data limitations and assumptions. Actual costs may be higher or lower than the estimate.

Detailed Analysis

Bill overview

Under current law, a student in grades K-12 may only receive an award from one state scholarship program at the same time. The bill allows a student eligible for a traditional EdChoice scholarship, EdChoice Expansion scholarship, or Cleveland scholarship to also receive an Autism scholarship or a Jon Peterson Special Needs (JPSN) scholarship if they meet the requirements for those programs. However, the bill prohibits total scholarship payments from exceeding the amount of a student's actual tuition and related special education service costs.

Scholarship program background

Continuing law permits students to obtain an EdChoice scholarship, or a Cleveland scholarship if they reside in the Cleveland Municipal School District, to attend a qualifying chartered nonpublic school. Traditional EdChoice scholarships are available to students whose regular designated public school building falls below certain performance thresholds and meets certain poverty criteria, while the EdChoice Expansion scholarship is available to all students regardless of family income or public school performance.

In the FY 2024-FY 2025 biennium, traditional EdChoice and Cleveland scholarships provide a maximum amount of \$6,166 for students in grades K-8 and \$8,408 for students in

grades 9-12. The actual amount is less if the school charges less in tuition than the maximum scholarship amount. Beginning in FY 2024, EdChoice Expansion scholarships are available to all students, but award amounts are phased down for students whose household income is above a certain threshold. Students with household incomes of up to 450% of the federal poverty level (FPL) receive up to the maximum amounts of \$6,166 or \$8,408. These amounts are adjusted downward as income rises above that threshold but are subject to certain minimums. In FY 2024, the minimums were \$650 for grades K-8 or \$950 for grades 9-12. Beginning in FY 2025, the minimums are 10% of the maximum amounts.

Students may receive an Autism or JPSN scholarship to attend a private school or obtain services from a private provider if they meet the criteria for certain categories of disability prescribed by law. The maximum amount of an Autism scholarship is \$32,445 in each of FY 2024 and FY 2025. The maximum JPSN scholarship award varies depending on a student's category of disability, with students with more severe needs receiving larger awards. JPSN scholarship awards are capped at \$30,000 in FY 2024 and \$32,445 in FY 2025. Autism and JPSN scholarships may be used to pay for the costs of tuition and related special education services the student requires. Students receiving these scholarships are not required to attend a chartered nonpublic school.

Fiscal effect

LBO estimates costs to the GRF for state scholarships will increase by up to approximately \$38 million annually under the bill. Based on preliminary FY 2024 scholarship data from the Department of Education and Workforce (DEW), LBO estimates approximately 5,500 students may receive both types of scholarship under the bill. These are students in grades K-12 who attend a chartered nonpublic school, receive either an Autism or JPSN scholarship, and whose scholarship payments are at or very near to their scholarship award amount. Certain data limitations and assumptions apply to this analysis. Therefore, this estimate should be considered rough. Actual costs may be higher or lower for the reasons explained below.

Autism and JPSN scholarships may be used to pay for the costs of tuition and related special education services. However, DEW scholarship payment data does not reliably distinguish between these categories of expenses for Autism and JPSN scholarship recipients. In addition, DEW reported that Autism and JPSN scholarship recipients tend to have multiple providers. Therefore, DEW was not able to provide the total tuition and related service charges for each Autism and JPSN scholarship recipient. The Department, however, provided LBO with the total amount that providers invoiced and DEW paid through July 2024 against each student's FY 2024 scholarship award.¹ LBO's analysis generally assumes that students whose FY 2024 scholarship payment totaled 99% or more of their award amount covered all eligible expenses during the fiscal year and may therefore have additional costs that were not borne by state scholarship funds.² These roughly 5,500 students may, as a result, be able to use EdChoice or Cleveland scholarship funds to support the costs not paid for by Autism or JPSN scholarship funds.

¹ The final amounts paid for FY 2024 may differ to a relatively small degree from the preliminary data, as DEW's payment reconciliation process for that fiscal year was not complete until October 2024.

² LBO included students whose scholarship payments are slightly less than their scholarship award to account for the preliminary nature of the payment data.

In addition, LBO is not able to determine if Autism and JPSN scholarship recipients would be eligible for a traditional EdChoice scholarship or would rely on an EdChoice expansion scholarship under the bill. Further, household income data for Autism and JPSN scholarship recipients is unavailable, as DEW does not collect it. Therefore, this analysis assumes each eligible student receives the maximum EdChoice or Cleveland scholarship amount (\$6,166 for grades K-8 and \$8,408 for grades 9-12, as adjusted for their full-time equivalency).

Actual costs may be less than the \$38 million per year estimate because (1) actual tuition and related service costs above a student's Autism or JPSN scholarship award may be less than the maximum EdChoice or Cleveland scholarship and (2) not all students will be eligible for the maximum EdChoice amount due to not qualifying for a traditional EdChoice scholarship and having a household income above 450% FPL. On the other hand, costs may be higher in future years if the maximum EdChoice and Cleveland scholarship amounts increase. Current law automatically adjusts the maximum amount of these scholarships based on the percentage change in the school funding formula's statewide average base cost per pupil. However, the current school funding formula is in effect only through FY 2025. A school funding formula for years after FY 2025 has yet to be enacted. Also, the additional state scholarship funding under the bill may incentivize some providers to raise tuition and fees for related services.