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Office

S.B. 208
135th General Assembly

Final Fiscal Note & Local Impact Statement

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Primary Sponsor: Sen. Roegner

Local Impact Statement Procedure Required: Yes

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Highlights

Prenatal-to-Five Early Childhood to Post-secondary Regional Partnerships Program

- The bill establishes the Prenatal-to-Five Early Childhood to Post-secondary Regional Partnerships Program. The bill may increase the administrative costs of the Department of Education and Workforce and the Ohio Department of Higher Education to develop and implement the program.
- School districts, other public schools, and state institutions of higher education that choose to participate in the Prenatal-to-Five Early Childhood to Post-secondary Regional Partnerships Program will incur costs to carry out their regional partnership's activities.

Open enrollment of military students

- 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.

Pre-service teacher permits

- The bill may increase the State Board of Education's administrative costs paid from the State Board of Education Licensure Fund (Fund 4L20) to process any additional pre-service teacher permit applications resulting from the bill. These costs will be more or less offset by a gain in permit fee revenue paid by applicants.
- The annual cost of performing the Bureau of Criminal Investigation's background check activities and services may increase to some degree. These costs will be more or less offset by the fees charged to conduct a background check.

Technological equipment purchases

- School districts and educational service centers may incur minimal administrative costs to implement the bill's requirements to take certain needs and cost factors into account when purchasing technological equipment to the extent that they do not do so already.

Detailed Analysis

The bill makes a variety of changes to education law. The bill's provisions concern early childhood to post-secondary regional partnerships, open enrollment of military students, pre-service teacher permits, school purchases of technology equipment, virtual services provided under certain state scholarship programs, in-service training on child sexual abuse, home education learning pods, and instruction on interaction with law enforcement. Additional details are provided below.

Prenatal-to-Five Early Childhood to Post-secondary Regional Partnerships Program

The bill creates the Prenatal-to-Five Early Childhood to Post-secondary Regional Partnerships Program to support and establish early childhood to post-secondary regional partnerships across the state to increase educational attainment and economic mobility outcomes for children and adults. A partnership must consist of prenatal-to-five early learning programs, primary and secondary schools, out-of-school time providers, post-secondary institutions, and workforce and community partners that are located in the same region. The Department of Education and Workforce (DEW), in conjunction with the Ohio Department of Higher Education (ODHE), will be responsible for administering the program, including distributing grants to eligible applicants, though DEW is primarily responsible for implementation of the program. Beginning January 1, 2025, the bill requires the Department of Children and Youth to join the collaboration.

In essence, the bill codifies and renames the Regional Education Partnership Grant Program. The General Assembly funded this program with \$2 million in federal American Rescue Plan Act funds appropriated for FY 2022 in H.B. 169 of the 134th General Assembly. DEW used the funds to distribute grants to support regional collaboration pilot programs among early learning, primary and secondary schools, post-secondary institutions, and workforce partners that align educational resources with regional in-demand jobs and workforce skills. According to DEW, the grants supported 11 partnerships.

Program funding

The bill does not appropriate funds for DEW to support the Prenatal-to-Five Early Childhood to Post-secondary Regional Partnerships Program. Nevertheless, most or all of any funds used by DEW to support the program would presumably be distributed as grants to support existing partnerships and establish new ones. The bill requires DEW and ODHE to work to ensure that at least one partnership exists within each of the six different regions determined by JobsOhio. Partnerships applying for the grant program must be able to demonstrate their commitment to addressing all areas of the education and workforce continuum over time, including a commitment to measure and report targeted attainment outcome metrics, as well as how it will align its mission and work with other entities in the region relating to education, business, and health. Each qualifying partnership will then be required to report on the region's performance metrics in a range of specified areas. The bill provides discretion to DEW and ODHE in determining the amount of the grants. As a point of reference, DEW set the maximum grant award for the Regional Education Partnership Grant Program at \$200,000 for new or emerging partnerships and \$150,000 for established partnerships. The bill does not require local matching funds in order to receive a grant. However, it is worth noting that, when evaluating Regional Education Partnership Grant Program applications, DEW awarded bonus points to applicants that contributed matching funds.

DEW and ODHE may incur administrative costs to develop and administer the program. Administrative functions required by the bill consist of convening quarterly meetings of a cohort of regional partnerships to discuss best practices, grant administration, and reporting the program's progress and outcomes.

School districts, other public schools, and state institutions of higher education that choose to participate in the partnerships will incur costs associated with facilitating their partnership's activities, as well as reporting on the performance metrics for their region. The bill gives qualifying applicants flexibility in how they operate their regional partnerships, so costs may vary depending on the partnership's services and activities.

Open enrollment exceptions for military students

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 2025. They range from about \$3,900 to over \$14,200.

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 2025, 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 2025	District on Guarantee in FY 2025?
Beavercreek City	Greene	715	No	\$12,771	Yes
Centerville City	Montgomery	246	No	\$12,518	Yes
Fairborn City	Greene	211	No	\$7,521	No
Oakwood City	Montgomery	193	No	\$13,341	Yes
Springboro Community City	Warren	165	No	\$8,444	Yes
Bethel Local	Miami	135	Adjacent	\$3,884	No
Olentangy Local	Delaware	114	No	\$12,559	No
Worthington City	Franklin	114	No	\$14,223	No
Huber Heights City	Montgomery	110	No	\$5,837	No
New Albany-Plain Local	Franklin	86	No	\$12,227	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

Pre-service teacher permits

H.B. 33 of the 135th General Assembly enacted provisions that established a three-year, pre-service teaching permit. This permit, which became available beginning July 1, 2024, allows student teachers to receive compensation and permits student teachers to be employed as substitute teachers. The fee for the permit is \$75. Currently, over 11,800 individuals hold an active pre-service teacher permit according to data published by DEW. The bill permits a pre-service teacher permit to be for one year in duration, in addition to three years as under continuing law. Presumably, the fee for a one-year permit will be \$25.

The bill may increase the State Board of Education's administrative costs paid from the State Board of Education Licensure Fund (Fund 4L20) to process any additional permit applications resulting from the bill. These costs will be more or less offset by a gain in permit fee revenue paid by applicants. The bill may affect the workload of the Attorney General's Bureau of Criminal Investigation (BCI) if the number of background checks requested each year increases. Any associated increase in BCI's annual operating expenses will be more or less offset by the fees charged to conduct a check. The base fees of the state-only and Federal Bureau of Investigation (FBI) background checks are \$22 and \$25.25, respectively. All of the fees are credited to the General Reimbursement Fund (Fund 1060), with \$23.25 of the FBI background check fee subsequently disbursed to the FBI.

School purchases of technological equipment

The bill requires local school boards and governing boards of educational service centers (ESCs) to seek to meet the varying needs of students and teachers when purchasing certain technological equipment, including computer hardware and software. The bill also requires districts and ESCs to consider the long-term cost of ownership, flexibility for innovation, and any anticipated residual or salvage value at the end of the target life cycle. Districts and ESCs may incur minimal administrative costs to plan purchases in accordance with the bill's requirements to the extent they do not do so already.

Virtual services under certain scholarship programs

The bill permits educational aides or assistants and instructional assistants to provide services virtually under the Autism and Jon Peterson Special Needs scholarship programs. The bill

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.

also requires DEW to include in its rules for each of those programs that virtual intervention services may be provided by certain qualified, credentialed educators or other providers. This provision will increase the flexibility of providers under these scholarship programs to offer services virtually, but will not likely have a material effect on scholarship expenditures.

In-service training on child sexual abuse

The bill permits, rather than requires as under current law, public schools to have law enforcement officers or prosecutors with relevant experience provide employee in-service training on child sexual abuse and permits them to do so at their own discretion. The bill provides additional flexibility for public schools in offering the training but has no discernable fiscal effect.

Home education learning pods

The Department of Children and Youth (DCY)² might experience a reduction in administrative costs due to the bill's provision that exempts home education learning pods from licensure and regulation as a child care center or family child care home. If any of these pods currently hold a license, there could be a decrease in associated regulatory costs and a subsequent loss in license fee revenue. There should be no direct impact associated with the bill's provision that prohibits a county or township from restricting or limiting the location of, or imposing additional or more stringent regulations on a building or residence based solely on its association with or use by, home education learning pods within any district/zone in the county or township.

Instruction on interaction with law enforcement

The bill repeals provisions requiring the State Board of Education to adopt, and school districts and other public schools to use, a model curriculum for high school students on proper interactions with law enforcement officers during traffic stops and other encounters. It also repeals the requirement for the Director of Public Safety to adapt the State Board's model curriculum for use in driver training programs and new driver instructional materials. The elimination of these requirements has no discernable fiscal effect.

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² H.B. 33 of the 135th General Assembly transferred child care functions from the Ohio Department of Job and Family Services to the Department of Children and Youth. The transfer of duties, functions, programs, and staff must be implemented in a detailed plan by January 1, 2025. Thus, some associated costs could still be under the Department of Job and Family Services.