



OHIO LEGISLATIVE SERVICE COMMISSION

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Fiscal Note & Local Impact Statement

Bill: H.B. 346 of the 131st G.A.

Date: November 15, 2016

Status: As Introduced

Sponsor: Rep. Brenner

Local Impact Statement Procedure Required: No

Contents: Minimum funding guarantee for school districts

State Fiscal Highlights

- The bill adds a new component to the school funding formula to guarantee that traditional school districts receive at least as much per-pupil state foundation funding as the per-pupil amounts of state funding for chartered nonpublic schools. In FY 2017, the estimated per-pupil amount guaranteed by the bill is \$1,282.
- The bill appropriates an additional \$41 million in FY 2017 from the GRF to make the payments to qualifying school districts. The cost in future years will depend on changes in school district enrollment and property valuation and the amount of funding provided through the school funding formula before the bill's guarantee provision.

Local Fiscal Highlights

- In FY 2017, 28 school districts meet the criteria to qualify for additional funding under the bill and, thus, will experience a gain in revenue. These districts are located mostly in higher wealth suburban areas of the state. Districts with lower per-pupil funding under the current school funding formula will receive higher amounts under the bill's new funding component.

Detailed Fiscal Analysis

The bill adds a new component to the school funding formula that guarantees each city, local, and exempted village school district will receive, after the temporary transitional aid guarantee and gain cap are applied, a per-pupil amount of state foundation funding that is at least as much as the statewide per-pupil amount of state funding for chartered nonpublic schools through auxiliary services funds and administrative cost reimbursements. In FY 2017, the estimated per-pupil amount guaranteed by the bill amounts to \$1,282, based on the current per-pupil amount of \$862 for auxiliary services and the maximum \$420 per pupil to reimburse chartered nonpublic schools for state mandated administrative and clerical activities. In comparison, the statewide average foundation funding per pupil is about \$4,650 in FY 2017, according to the most recent data published by the Ohio Department of Education.

Currently, 28 (4.6%) school districts receive per-pupil state foundation funding less than \$1,282 and thus, would qualify for additional funding under the bill. These districts are located mostly in higher wealth suburban areas of the state. The per-pupil state foundation funding currently received by the 28 qualifying districts ranges from \$557 to \$1,259. The bill's payments are calculated so that districts further from the per-pupil guarantee receive a higher funding amount. For example, a district currently receiving \$557 per pupil would receive additional per-pupil funding of \$725 under the bill. In contrast, a district currently receiving \$1,259 per pupil would receive additional per-pupil funding of \$23.

The bill appropriates an additional \$41 million in FY 2017 to GRF line item 200550, Foundation Funding, to make the additional payments. The cost in future years will depend on changes in school district enrollment and property valuation, the amount of funding provided through the school funding formula before the bill's guarantee provision, and the amount of per-pupil state funding for chartered nonpublic schools.