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S.B. 240
(1_134_1665-2)
134th General Assembly

Fiscal Note & Local Impact Statement

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

Version: In Senate Primary and Secondary Education

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 for community schools that merge to form a community school network.

Detailed Analysis

The bill permits a nonprofit community school operator and two or more community schools it operates to create a community school network provided the community schools in the network meet certain geographic, school quality, 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.

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.¹ The network's primary IRN will be used for finance purposes. Combining the student count and other funding elements of all community schools in the network for financing purposes may impact community school funding through the state foundation formula, depending on how a network's aggregate calculations differ from those for the individual schools under current law, and the number of community school networks formed. Under the current formula, in effect for FY 2022 and FY 2023, funding components that may change include disadvantaged pupil impact aid, phased-in core foundation aid, and the formula transition supplement.²

While the number of operators that will choose to form a community school network is uncertain, seven appear to be currently eligible based only on their nonprofit status, the number of schools they operate, the geographic location of the schools, the most recent ratings of the schools' sponsors, and quality community school designations for FY 2022: Breakthrough Public Schools, Concept Schools, Educational Solutions Co., the Graham School, Imagine Schools, Inc., Summit Academy Management, and United Schools Network, Inc. Some operators may be able to establish multiple networks, including within the same geographic region. The geographic regions of the schools with eligible operators suggests that the potential number of community school networks in the near term is 12, assuming that an operator will merge all of its qualifying schools in a geographic region into a single network to maximize efficiencies.

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¹ ODE defines an IRN as a unique number assigned to each organization that does business with the Department.

² For details of how these components are calculated, see pages 14, 16, 17, 20, and 22 of the [LSC Greenbook for the Ohio Department of Education \(PDF\)](#), which is available on LSC's website: lsc.ohio.gov/Budget-Central. For FY 2024 and each fiscal year thereafter, the various components of the state foundation formula will be calculated in a manner determined by the General Assembly.