



# Ohio Legislative Service Commission

Alexandra Vitale

---

## Fiscal Note & Local Impact Statement

---

**Bill:** S.B. 298 of the 131st G.A.

**Date:** May 3, 2016

**Status:** As Introduced

**Sponsor:** Sen. Schiavoni

**Local Impact Statement Procedure Required:** No

**Contents:** E-school operations

### State Fiscal Highlights

- The bill excuses an e-school from the current law "105-hour" automatic withdrawal requirement for truancy in "extenuating circumstances" for "high-performing" students. Because the state's school funding formula is based on student enrollment, this provision may increase state aid expenditures beginning in FY 2017.
- The bill eliminates the option for e-schools to provide career-technical education (CTE) and the associated state CTE funding for e-school students. In FY 2016, this funding is about \$687,000. Total state foundation aid will not change if students opt to continue to receive CTE in another public school.

### Local Fiscal Highlights

- The bill eliminates the option for e-schools to provide CTE and the associated state CTE funding for e-school students. In FY 2016, this funding is about \$687,000. Presumably e-school expenditures on CTE will also decrease. The effects on individual school districts' state formula aid deductions and expenditures will depend on whether students opt to continue to receive CTE in another public school.
- The bill excuses an e-school from the current law "105-hour" automatic withdrawal requirement for truancy in "extenuating circumstances" for "high-performing" students. Because the state's school funding formula is based on student enrollment, this provision may increase state aid for some districts and e-schools.
- The bill makes a number of changes to the law governing the operation of e-schools and some site-based community schools, which are likely to increase the administrative costs of those schools.

---

## Detailed Fiscal Analysis

The bill primarily makes a number of modifications to the law governing Internet- or computer-based community schools (e-schools). Provisions of the bill that are notable from a fiscal perspective are discussed below. Currently, there are 24 e-schools collectively educating over 37,000 full-time equivalent (FTE) students. E-schools are slated to receive approximately \$261.8 million in state foundation aid in FY 2016.

### **Career-technical education at e-schools**

Under current law, e-schools are specifically permitted to provide career-technical education (CTE). As a result, these schools are eligible to receive CTE funds through the state foundation formula, in addition to the opportunity grant and special education additional aid. The bill eliminates the option for e-schools to provide CTE as well as the CTE funds that are deducted from a student's resident district and transferred to an e-school to support those programs.

The bill will reduce state funding for e-schools. In FY 2016, a total of about 428 FTE students are enrolled in CTE programs through three e-schools. Under the state foundation formula, additional CTE per-pupil funding that depends on the student's CTE program follows CTE students from their resident districts to the educating e-school. Over 89% of CTE e-school students are enrolled in family and consumer science programs, which carry a per-pupil amount of \$1,258 in FY 2016 and \$1,308 in FY 2017. Overall, CTE students are generating approximately \$687,000 in CTE funds for e-schools this fiscal year. While e-schools will lose this state funding under the bill, presumably the expenditures of the e-schools offering CTE programs will also decrease. If students opt to continue to receive CTE in a public school, total state foundation aid will not change. However, if students opt to continue enrollment in the e-school and no longer receive CTE, total state foundation aid will decrease. The effects on individual school districts' state formula aid deductions and expenditures will also depend on whether or not students opt to continue receiving CTE, and, if they do, where they choose to receive that education, which could be in a site-based community school, their resident school district, or another district through open enrollment.

### **E-school attendance**

#### **Automatic withdrawal**

Under current law, the governing authority of a community school must automatically withdraw a student who is absent for more than 105 consecutive hours of learning opportunities without a legitimate excuse. The bill excuses an e-school from this requirement in "extenuating circumstances" for "high-performing students," both of which are to be spelled out in rules to be adopted by the State Board of Education.

Because the state's school funding formula is based on student enrollment, this provision may increase state aid for some districts and e-schools.

### **Full-time equivalency**

A student's FTE is used to calculate the amount of state funding deducted from a student's resident district for payments to an e-school. In general, community schools, including e-schools, undergo reviews of the FTEs reported for funding purposes every five years. Some community schools are reviewed more frequently based on certain circumstances (e.g., the school was recently opened). Current law states that a community school student's FTE is determined by comparing the learning opportunities offered by the community school to a student and the total learning opportunities offered by the community school to a student that attends the school for the entire school year. However, current law also requires "learning opportunities" to be in compliance with criteria and documentation requirements for student participation established by the Ohio Department of Education (ODE). ODE's current policy requires community school FTE calculations to be based on attendance documentation. Specifically, the current policy states, "The [FTE] reviewer must check the individual attendance record for each student being reviewed. This attendance record should show when a student has logged on and off while accessing learning opportunities." In addition, hours spent in nonclassroom activities or nonclassroom instruction must also be documented and approved in writing by a teacher or administrator.<sup>1</sup>

The bill clarifies that an e-school student's FTE must be based on the amount of time that the student was actively engaging in learning opportunities, which appears to codify ODE's current policy with respect to community school FTE calculations. Note also that the bill requires e-schools to keep an accurate record of the number of hours in which students are actively engaging in learning opportunities during each period of 24 consecutive hours. Current law, recently enacted in H.B. 2 of the 131st General Assembly, requires each e-school to keep an accurate record of each individual student's participation in learning opportunities each day.

### **E-school and certain site-based community school operations**

The bill makes a number of changes to the law governing the operation of e-schools, which are likely to increase the administrative costs of the schools. Specifically, the bill requires each e-school to:

- Comply with revised standards of operation to be adopted by the State Board (additionally, the bill requires e-school sponsors to report an e-school's failure to comply with these standards to ODE);

---

<sup>1</sup> Ohio Department of Education, FTE Review and Community School Enrollment Handbook, Revised January 5, 2015, pg. 15-16. Available online at <http://education.ohio.gov/getattachment/Topics/Finance-and-Funding/School-Payment-Reports/State-Funding-For-Schools/Community-School-Funding/Community-School-Funding-Information/FTE-Review-Handbook-January-2015.pdf.aspx>.

- Make public meetings of its governing board available online in a livestream format and publish notification of such meetings at least two weeks prior to the meeting in at least one newspaper of general circulation within each city or county from which the school currently enrolls a student;
- Include certain report card grades and graduation rates on advertising, recruiting, and promotional materials;
- Notify ODE, a student's parent or guardian, and the student's resident school district of a student's failure to participate in learning opportunities for ten consecutive days;
- When a student's performance declines, confer with the student's parent to evaluate the student's continued enrollment in the school (this requirement is in addition to current law that requires e-schools to periodically communicate with each student's parent on the performance and progress of that student and to provide opportunities for parent-teacher conferences);
- Submit a monthly report of participation in learning opportunities to ODE.

In addition, the bill prohibits site-based community schools from operating by using a blended learning model unless the school's sponsor was rated as "exemplary" for the most recent school year. A community school currently using a blended learning model, but not meeting the rating threshold, may incur costs to modify its model of instruction to comply with the bill.<sup>2</sup>

### **Report card modifications**

The bill requires ODE to report additional data on the state report cards for each public district and school, including e-schools. Specifically, the report cards must include annual reporting on student mobility (instead of "when available" under current law). The bill also requires the report cards to attribute to the e-school the test scores of a student who attended an e-school for more than 90 days but transferred to the student's resident district in the same school year. These provisions may increase ODE's administrative responsibilities. About \$4.9 million each fiscal year in GRF funding is specifically appropriated to ODE for the current accountability system and report cards. Additional appropriation is used for data collection.

---

<sup>2</sup> Sponsor ratings for the 2014-2015 and 2015-2016 school years are slated for release by ODE in early October 2016.

## **Other state administrative requirements**

The bill adds to the administrative duties of the State Board and ODE, which may increase ODE's administrative costs. The bill requires:

- The State Board to adopt standards of operation for e-schools that were initially recommended by the State Board to the General Assembly in 2003;
- The State Board to adopt rules to define a "high-performing" e-school student and to specify the extenuating circumstances under which the bill's exemption from automatic withdrawal requirements will apply;
- ODE to develop, by August 1, 2016, a metric for measuring student performance in community schools that operate using a blended learning model.
- ODE to make e-school reports concerning student participation in learning opportunities available on its website; and
- ODE to provide administrative support to the E-school Funding Commission, which the bill creates to study the actual costs of operating an e-school. The Commission must submit a report of its recommendations to the General Assembly by December 31, 2016. Members of the Commission serve without compensation.