



# OHIO LEGISLATIVE SERVICE COMMISSION

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## Fiscal Note & Local Impact Statement

**Bill:** H.B. 438 of the 132nd G.A.

**Status:** As Reported by House Education and Career Readiness

**Sponsor:** Reps. Hambley and Kick

**Local Impact Statement Procedure Required:** No

**Subject:** Educational service center governing boards, territory, and local professional development committees

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### State & Local Fiscal Highlights

- Board member compensation costs may increase for educational service centers (ESCs) whose elected governing board members opt to add appointed members to the board under the bill. Under continuing law, an ESC governing board member may be paid up to \$125 per day plus mileage reimbursement for attendance at a board meeting.
- Election costs for county boards of elections may increase minimally if electors petition for a referendum vote on a "local" school district resolution to sever its territory from its current ESC and annex it to an adjacent ESC, as permitted by the bill. If a petition contains a sufficient number of valid signatures, the question must be placed on the ballot of either a general or primary election.
- Expenditures may increase for ESCs opting to establish a local professional development committee (LPDC) to compensate LPDC members. Such ESCs may also gain revenue from any fees the ESC charges for LPDC services.
- The bill has no direct fiscal effect on the state.

### Detailed Fiscal Analysis

#### Appointed members to ESC governing boards

The bill permits the elected members of any governing board of an educational service center (ESC), rather than only the governing board of a joint ESC (those formed by combining up to five adjacent ESCs into one), to add appointed members to the governing board. The bill specifies that the number of appointed members may be up to one less than the number of elected members, except that the total number of elected and appointed members must be an odd number.

An ESC whose governing board opts to add appointed members under the bill may incur additional expenditures to compensate the new members. Under continuing law, each ESC governing board member may be paid up to \$125 per day plus reimbursement for mileage both ways for attendance at a board meeting, with an annual maximum of \$5,000 for service on the board. ESC governing board members may also be paid certain maximum per diem amounts for attendance at approved training programs.

### **Local district severance from one ESC and annexation to another**

The bill permits a "local" school district to sever its territory from its current ESC and annex its territory to an adjacent ESC, so long as that district severed and annexed its territory under a substantially similar provision of law that was repealed in 2011. If a district severs from its ESC and annexes to another under the bill, it cannot do so again for at least four years after the effective date of the prior action.

The bill specifies that a severance and annexation action is subject to both approval of the State Board of Education and referendum by petition of the district's voters. That action cannot be effective sooner than one year after July 1 after the later of (1) the date the State Board approves the action or (2) the date voters approve the action at a referendum election, if one is held. Such a referendum election on the action may only be submitted to the district's voters on the ballot of a general or primary election. As a result, the bill may minimally increase election costs for county boards of elections to review the validity and sufficiency of the signatures on the referendum petition and, if the petition gathers a sufficient number of signatures, to place the question on the appropriate primary or general election ballot.

This provision does not appear to have a direct fiscal effect on the local school districts that opt to sever and annex territory under the bill or the ESCs whose territory increases or decreases as a result. Continuing law does not prescribe any territorial restrictions concerning the ESC with which a district contracts; a school district may contract for services with the ESC of its choice. Accordingly, an ESC receives funding primarily from the service contracts that it enters into with client districts and, to a lesser extent, state and local per-pupil funding based on the number of school-age students in the ESC's client districts. Therefore, outside of any election costs described above, the effect of the provision appears to be limited to altering the territory from which an applicable ESC's governing board members are elected.

### **ESC local professional development committees**

The bill permits ESCs to create local professional development committees (LPDCs) to serve educators and pupil services personnel not employed in Ohio. The primary purpose of the LPDC will be to review the coursework, continuing education units, or other equivalent activities related to classroom teaching or licensure that are proposed by individuals in order to maintain their professional licensure. LPDCs at ESCs must be structured similarly to those in school districts.

Under current law, an LPDC for a school district must have at least five members: three classroom teachers employed by the district, one principal employed by the district, and one other employee of the district appointed by the district superintendent. Districts determine the compensation paid to LPDC members. Some districts offer release time or stipends for a member's service, up to a maximum number of days annually, while others base compensation on the district's supplemental salary schedule. Therefore, an ESC that opts to create an LPDC may incur additional expenditures for committee member compensation.

As noted above, ESCs rely mainly on revenue from service contracts with client school districts to fund operations. It is possible, therefore, that an ESC that opts to establish an LPDC charges a fee to individuals for the services rendered by the LPDC. If so, ESC revenues would increase depending on the fee for services and the number of individuals served.