

Ohio Legislative Service Commission

Office of Research and Drafting

Legislative Budget Office

H.B. 122 133rd General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsor: Rep. Koehler

Local Impact Statement Procedure Required: Yes

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Highlights

- The bill replaces the Educational Choice Scholarship Pilot Program (EdChoice) and the Cleveland Scholarship and Tutoring Program with a new income-based scholarship program titled the Opportunity Scholarship Program. Existing EdChoice and Cleveland scholarship recipients qualify for an Opportunity scholarship regardless of family income.
- The bill finances Opportunity scholarships through direct GRF payments rather than deductions of the state foundation aid allocated to the student's resident district. Scholarship recipients will not be counted in their resident district's student count for state foundation funding purposes.
- The bill caps the number of scholarship recipients at 60,000 each fiscal year, with 10% automatic increases in the number of available scholarships based on demand. If the number of scholarships awarded reaches the maximum 60,000 students, the net annual state costs are estimated to be \$83.2 million.
- If, over time, demand for the scholarships triggers the automatic increases in the number of available scholarships and those additional scholarships are awarded, the cost of the program will rise, potentially by a significant amount over the long term. Ultimately, the cost of the program will depend on state appropriation levels.
- Because the state's school funding formula is based on enrollment, school districts with students who take the scholarship are likely to lose state aid. Over time, the reduction could be substantial, but ultimately would depend on participation rates. School district expenditures may decrease due to educating fewer students.
- The bill creates education savings accounts for each Opportunity scholarship student whose scholarship amount exceeds the student's tuition and fees. The bill requires the

Treasurer of State (TOS) and the Ohio Department of Education (ODE) to maintain the accounts and perform certain administrative and reporting duties. These requirements will increase the administrative costs of TOS and ODE.

Detailed Analysis

Beginning in the 2020-2021 school year, the bill replaces both the performance-based and income-based Educational Choice Scholarship Pilot Program (EdChoice) and the Cleveland Scholarship and Tutoring Program (CSTP) with a new, income-based scholarship program entitled the Opportunity Scholarship Program. While the Opportunity Scholarship Program is similar to the income-based EdChoice Program, it differs in a number of important respects. An overview of the current and proposed scholarship programs is provided below followed by a discussion of the potential fiscal effects of the new scholarship program and the process LSC used to calculate them.

Overview of EdChoice and Cleveland scholarship programs

The EdChoice Program awards scholarships that students use to attend participating nonpublic schools. A student may qualify for the performance-based EdChoice Program if they attend or would otherwise attend a school district that meets certain criteria indicative of poor academic performance. All performance-based scholarship students are counted in their resident district's student count for the purposes of calculating funding through the school foundation formula (formula ADM). The scholarships are financed by deductions to the state foundation aid of scholarship recipients' districts of residence. Under current law, the scholarship amount is the lesser of tuition or \$4,650 for students in grades K-8 and \$6,000 for students in grades 9-12. EdChoice scholarships are also provided to certain low-income students, regardless of the performance of their public school. However, these scholarships are currently paid for directly from the GRF, not through a deduction of school district foundation aid. Under current law, income-based scholarships have been phased in by one grade level per year since FY 2014, such that, in FY 2020, only income-eligible students in grades K-6 qualify. A student is eligible for a first-time scholarship if the student's family income is at or below 200% of the federal poverty level (FPL). Once a student receives a scholarship, the student may continue to receive one, at a prorated amount, if the student's family income increases above 200% FPL up to a maximum of 400% FPL.

The Cleveland Scholarship and Tutoring Program, also known as the Pilot Project Scholarship Program, provides scholarships to students who are residents of the Cleveland Municipal School District to attend a participating nonpublic school. The program serves students in grades K-12, giving priority to students from low-income families. Scholarships are based on a school's tuition cost, with a maximum scholarship of \$4,650 for students in grades K-8 and \$6,000 for students in grades 9-12. CSTP is financed by both deductions from Cleveland's state aid and direct state payments from the GRF.

In FY 2019, there were about 41,000 recipients for the three scholarship programs combined, whose scholarships totaled approximately \$195 million.

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Opportunity Scholarship Program

Overview

The bill creates the Opportunity Scholarship Program to provide scholarships for students in grades K-12 who meet certain income eligibility criteria to pay the tuition and fees to attend chartered nonpublic schools. The scholarships will be funded directly by GRF appropriations. As a result, students who receive the scholarship will not be counted in their resident district's formula ADM. The bill imposes a statutory limit of 60,000 Opportunity scholarships that may be awarded each year. However, if the number of applications for scholarships exceeds 90% of the maximum permitted, the Ohio Department of Education (ODE) must increase the maximum number of scholarships permitted for the following school year by 10%. The new maximum would be used for each subsequent school year until the Department is again required to increase the number of scholarships due to the number of scholarship applications. For example, if the number of applications for the 2020-2021 school year, the first year of the program, exceeds 54,000, the cap on the number of scholarships for the 2021-2022 school year becomes 66,000.¹ However, the number could also be limited based on the amount the General Assembly chooses to appropriate for the program. Additional details concerning scholarship eligibility and award amounts are described below.

Eligibility

To qualify for an Opportunity scholarship, a student must have a family income at or below 400% FPL and, in general, cannot have been enrolled in a chartered nonpublic school in the school year prior to the year for which an Opportunity scholarship is sought. However, eighth grade students attending a chartered nonpublic school without a state scholarship are eligible for an Opportunity scholarship in the ninth grade provided the student meets the bill's income requirements. The far right column in Table 1 below shows the income levels under which a student may qualify for a scholarship based on family size. Notwithstanding these income eligibility requirements, the bill qualifies all students who received a performance-based or income-based EdChoice or Cleveland scholarship during the 2019-2020 school year and students who have a sibling who received such a scholarship during that school year for an Opportunity scholarship, regardless of family income.

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¹ Current law, enacted by H.B. 166 of the 133rd General Assembly, also contains a similar "escalator" provision for performance-based EdChoice scholarships. If the number of applicants for a scholarship for a school year exceeds 90% of the maximum number prescribed by statute (currently 60,000), ODE must increase the limit by 5% for the next year. The new limit then will be the maximum number available in subsequent school years until another adjustment is triggered.

Table 1. 2020 FPL and FPL Income Ratios by Persons in Family/Household				
Number of Persons in Family/Household	Poverty Level	200% of Poverty Level	400% of Poverty Level	
2	\$17,240	\$34,480	\$68,960	
3	\$21,720	\$43,440	\$86,880	
4	\$26,200	\$52,400	\$104,800	
5	\$30,680	\$61,360	\$122,720	
6	\$35,160	\$70,320	\$140,640	
7	\$39,640	\$79,280	\$158,560	
8	\$44,120	\$88,240	\$176,480	

Under the bill, a student who receives the Opportunity scholarship remains eligible and may continue to receive the scholarship in subsequent school years until the student completes high school, so long as the student meets certain conditions. In order to continue receiving the scholarship, the student must meet the following conditions: (1) a student's family income must not exceed 400% FPL, unless the student previously received the EdChoice or Cleveland scholarships or is a sibling of such a student, (2) the student must take each state assessment prescribed for the student's grade level, (3) the student must not be absent for more than 20 days of the school year, excluding excused absences, and (4) the student must not be disqualified by the Auditor of State for misuse of funds in the education savings account, which are described in more detail below. Provisions (2) and (3) above also apply to EdChoice scholarship students under current law. Provision (2) above applies to Cleveland scholarships under current law.

Scholarship amounts

Under the bill, the annual Opportunity scholarship amount awarded to a student is based on the student's family income and grade level. The maximum size of the scholarship is \$5,000 for students in grades K-8 and \$7,500 for students in grades 9-12. However, if the per-pupil formula amount used to calculate state foundation aid increases in a subsequent school year, the bill requires the maximum scholarship amounts to increase by the same percentage as the formula amount.² Any student who received an EdChoice or CSTP scholarship, or had a sibling who received one of the scholarships, in the 2019-2020 school year receives the maximum scholarship amount regardless of family income.

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² In FY 2019, the per-pupil formula amount was \$6,020. H.B. 166 suspends the operation of the school funding formula for FY 2020 and FY 2021 and, instead, provides each district with the same foundation aid allocation as was received for FY 2019.

For students who qualify for the Opportunity scholarship based on family income, the scholarship amount is based on the student's family income as a percentage of FPL. A student with a family income at or below 200% FPL receives the maximum scholarship amount. A student with a family income between 200% FPL and 400% FPL receives a scaled scholarship amount that is reduced by 0.5% for every 1% increase in the student's family income above 200% FPL. A student with a family income at 400% FPL receives half the scholarship amount (\$2,500 for grades K-8 and \$3,750 for grades 9-12). The scholarship amounts for the Opportunity scholarship are summarized in Table 2 below.

Table 2. Opportunity Scholarship Amounts			
Type of Recipient	Grades K-8	Grades 9-12	
Student or sibling of student who received the EdChoice or CSTP scholarship in the 2019-2020 school year	\$5,000	\$7,500	
Student with family income at or below 200% FPL	\$5,000 \$7,500		
Student with family income between 200% and 400% FPL	Scholarship amount is reduced by 0.59 for every 1% increase in the student's family income above 200% FPL		
Student with family income at 400% FPL	\$2,500	\$3,750	

To illustrate how the scholarship amounts will be determined, consider the following example of an elementary school student in a family of three with a family income of \$65,160. This income level represents a 50% increase above the 200% FPL threshold of \$43,440 for the student's family size. Thus, the student will receive a scholarship that is 25% lower than the full amount, or $$3,750 ($5,000 \times (1 - (0.5\% \times 50)) = $3,750)$. Scaled scholarship amounts for a family size of three at various family incomes are provided in Table 3 below.

Table 3. Selected Opportunity Scholarship Amounts Based on Income for Family of Three				
Family Income	Percent Increase in Income Above 200% FPL	Scaled Scholarship Amount for Grades K-8	Scaled Scholarship Amount for Grades 9-12	
\$43,440	0%	\$5,000	\$7,500	
\$54,300	25%	\$4,375	\$6,563	
\$65,160	50%	\$3,750	\$5,625	
\$76,020	75%	\$3,125	\$4,688	
\$86,880	100%	\$2,500	\$3,750	

Unlike the scholarship amounts under the state's existing scholarship programs, which are limited to the tuition and fees charged by the participating private provider, the bill requires

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ODE to pay any excess scholarship amount after covering the tuition and fees of the chartered nonpublic school into an educational savings account. Educational savings accounts are discussed further below.

Fiscal effects

The cost for the Opportunity Scholarship Program depends on a variety of factors, including the number of students eligible for an Opportunity scholarship based on family income and opting to participate, the number of existing scholarship recipients that will participate in the new program, the cap on the number of scholarships, and the difference in cost between the Opportunity scholarship and the amount of per-pupil formula aid currently paid by the state for scholarship recipients through the state foundation formula. Each of these factors is discussed in more detail below. The first portion of this analysis discusses the underlying assumptions and costs associated with providing the maximum 60,000 scholarships initially permitted under the bill. The second portion of the analysis provides estimated annual fiscal effects under hypothetical scenarios where participation is above 60,000 students, which may be helpful in understanding the potential longer term fiscal effects of the program as awareness of the program builds over time. These figures estimate the state's total annual liability for the program if the state were to appropriate all of the funds necessary for full funding.

Eligible students currently receiving EdChoice and Cleveland scholarships

The bill automatically qualifies students receiving either the EdChoice or Cleveland scholarship in the 2019-2020 school year for an Opportunity scholarship in the next school year and does not subject their scholarship amounts to the bill's income scale for new scholarship recipients. That is, existing EdChoice or Cleveland scholarship students receive the full amount of the Opportunity scholarship, regardless of income. Statewide, there were approximately 41,000 students receiving the scholarships in FY 2019, the most recent year that the foundation formula was operational (see footnote 2 above). The number of scholarship recipients by program and grade band is summarized in the table below.

Table 4. Scholarship Recipients by Program and Grade Band, FY 2019					
Scholarship Program	Grades K-8 Recipients	Grades 9-12 Recipients	Total Recipients		
Performance-based EdChoice	17,774	5,283	23,057		
Income-based EdChoice	10,836	0	10,836		
Cleveland Scholarship Program	4,890	2,548	7,438		
Total	33,500	7,831	41,331		

Scholarship costs for current scholarship recipients

Because the bill grandfathers existing EdChoice or Cleveland scholarship students into the new program regardless of income, this analysis assumes that all such scholarship recipients

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will choose to receive the Opportunity scholarship. Overall, LSC estimates the total annual Opportunity scholarship cost for these scholarship recipients to be approximately \$226.2 million.

Eligible students based on family income

LSC used school district-level income data collected through the U.S. Census Bureau's American Community Survey (ACS) to estimate the total number of Ohio public school students who are eligible for the Opportunity scholarship based on family income. Statewide, this data indicates that roughly 71% of Ohio children ages 6-17 have family incomes below 400% FPL, including about 39% under 200% FPL, 18% between 200% and 299% FPL, and 14% between 300% and 399% FPL. To calculate the total number of eligible public regular education students by grade band, LSC applied the percentage of children ages 6-17 in each of these three income brackets in each district to the district's FY 2019 formula ADM minus the district's total special education ADM and number of EdChoice and Cleveland scholarship students included in formula ADM (special education students are assumed to not participate because the existing Jon Peterson Special Needs and Autism scholarship programs offer higher maximum scholarship amounts). We then multiplied these amounts by the percentage of each district's students in grades K-8 and 9-12. Overall, we estimate that about 986,000 "new" public regular education students would have been eligible for an Opportunity scholarship based on family income in FY 2019. Table 5 below shows the estimated number of eligible students by income bracket and grade band.

Table 5. Estimated Number of Public Regular Education Students Income-Eligible for the Opportunity Scholarship, FY 2019					
Income Level	Grades K-8	Grades 9-12	Total		
Students at or below 200% FPL	384,374	160,731	545,105		
Students between 200% and 299% FPL	170,045	74,187	244,232		
Students between 300% and 399% FPL	136,324	60,618	196,942		
Total	690,743	295,536	986,279		

Scholarship costs for "new" recipients based on income

The remaining cost of the Opportunity Scholarship Program will come from scholarship payments for students who are not currently receiving an EdChoice or Cleveland scholarship and thus are eligible for the program based on family income. As described above, there are an estimated 986,000 public regular education students in Ohio that are eligible for the program. However, assuming that all current scholarship recipients will choose to receive the Opportunity scholarship, there would be 18,669 available scholarships for "new" recipients in the first year of the program given the 60,000 scholarship cap. If the number of students applying for a scholarship exceeds the number of scholarships available for the applicable school year, ODE must award the scholarships according to a priority list. After students who received a scholarship in the previous year, students with family incomes below 200% FPL receive second priority. Given that there are about 545,000 such students, it appears that the

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"new" recipients may be limited to students in this income group. Scholarship costs for these students were calculated on a school district level by first disaggregating the number of income-eligible students in this income bracket and then by grade band. The number of students from families at or below 200% FPL in each grade band was then multiplied by the applicable scholarship amount. As noted above, the bill provides these students with the maximum scholarship amount. Overall, we estimate the cost of paying 18,669 Opportunity scholarships for income-eligible public regular education students to be \$107.1 million, which equates to about \$5,737 per pupil.

Total scholarship costs

Including the \$226.2 million cost for the grandfathered EdChoice and Cleveland scholarship students and the \$107.1 million for "new" scholarship recipients, the cost of all Opportunity scholarships at the 60,000 scholarship cap totals to \$333.3 million. On a statewide per-pupil basis, the average scholarship cost amounts to \$5,556.

Reduction in state foundation aid

Under the bill, Opportunity scholarships will be financed by direct state payments instead of through a deduction of the resident school district's state foundation aid. Because the state foundation formula is based on enrollment, state foundation aid will decrease, as scholarship recipients will no longer be counted in their resident districts for funding purposes. To calculate the estimated reduction in state foundation aid, we used FY 2019 data due to the suspension of the foundation formula for FY 2020 and FY 2021.

We calculated two measures of per-pupil funding, one for existing scholarship students and another for new Opportunity scholarship recipients. For the first group of students, we calculated each district's per-pupil funding through the state share of the Opportunity Grant before the gain cap was applied, since nearly all of the funding scholarship students generate for their resident districts is through the Opportunity Grant.³ For the second group of students, which generally must have been enrolled in a public school the prior school year, we made some simplifying assumptions due to uncertainty surrounding the parameters of the state foundation formula beyond the current biennium. Specifically, we calculated each district's "basic formula aid" per pupil for FY 2019 using only the district's state share of the Opportunity Grant as well as Targeted Assistance, Capacity Aid, and the portion of Economically Disadvantaged Funds calculated using the base per-pupil amount of \$272, all of which were calculated without factoring in the formula's guarantee and gain cap provisions. Other categorical components were excluded for various reasons. For example, we assumed that special education students will not take the Opportunity scholarship when the existing Jon Peterson Special Needs and Autism scholarship programs offer higher maximum scholarship amounts. On a statewide basis, the average Opportunity Grant per pupil was \$3,015 while the average basic formula aid per pupil amounts to \$3,849 in FY 2019. These amounts are not uniform among school districts due to the equalization effects associated with the

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³ According to ODE, when student data is transferred from the system used by the Department to operate the scholarship programs to the Education Management Information System (EMIS) for foundation aid calculation and payment purposes, the only information transferred is the student's full-time equivalency (FTE), district of residence, and grade level.

calculation of the Opportunity Grant, Targeted Assistance, and Capacity Aid. To illustrate, basic formula aid per-pupil amounts range from about \$300 for the wealthiest district to over \$10,600 for the least wealthy.

We multiplied each district's Opportunity Grant per pupil and basic formula aid per pupil by the grandfathered and new Opportunity scholarship recipients, respectively, in each district⁴ to determine a rough estimate of the reduction in state foundation aid under the bill. In the scenario where the program reaches the maximum 60,000 scholarships, state foundation aid decreases by \$185.7 million.

Net state costs

Overall, we estimate the net increase in state costs of providing 60,000 Opportunity scholarships to be \$83.2 million annually after taking into account the reduction in state foundation aid and subtracting FY 2019 funding levels for direct state payments for incomebased EdChoice scholarships and Cleveland scholarships, which are no longer necessary under the bill. The calculation of net state costs is summarized in Table 6 below.

Table 6. Net Annual State Costs of 60,000 Scholarships (in millions), FY 2019			
Item	Amount		
Total estimated annual scholarship cost	\$333.3		
Estimated annual reduction in state foundation aid	-\$185.7		
Elimination of directly funded CSTP payments	-\$19.8		
Elimination of income-based EdChoice payments	-\$44.6		
Net annual state cost	\$83.2		

In general, the annual net cost of the bill results from the state's obligation to pay the entire scholarship amount for scholarship recipients. In contrast, under current law, the cost of educating these students is generally a shared responsibility between the state and the student's resident school district. The state pays a portion of the foundation formula cost for the student depending on the relative wealth of the district, with the remainder supported mostly by local funds. Statewide average per-pupil figures help put the overarching fiscal effects of the bill into perspective. On average, the state paid \$3,015 per pupil in FY 2019 for existing scholarship students through the Opportunity Grant and \$3,849 in basic formula aid

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⁴ We excluded the existing Cleveland scholarship and income-based EdChoice students whose scholarships are directly paid by state appropriations.

⁵ Students educated through most school choice programs are included in the resident district's formula ADM and the payments to the educating school are deducted from the resident district's state aid based on the full per-pupil amounts applicable to the student (i.e., before the state share index is applied). Students educated through choice programs paid directly by the state are not included in their resident district's formula ADM.

per pupil for students enrolled in public schools. Under the bill, it will be responsible for paying an average scholarship cost of \$5,556 per pupil. While the state will spend less to educate some students through direct payments under the scholarship program than through the foundation formula (particularly students residing in lower wealth areas who are currently funded at per-pupil levels greater than the district's estimated average scholarship cost), by and large the state will pay more per student under the bill than would otherwise be the case.

Different participation scenarios

Usage of the program may start out relatively low and increase as more people become aware of the program. As a result, usage of the scholarship program may increase above the 60,000 student cap based on demand, as provided in the bill. Therefore, this section of the analysis provides a range of cost estimates compared to the current law based on some hypothetical scenarios of different levels of student participation. The results of each scenario are presented in Table 7 below. In each scenario, we continue to assume that all existing EdChoice and Cleveland scholarship students receive the Opportunity scholarship and add the number of public regular education students estimated to participate based on a uniform statewide rate necessary to achieve the stated participation level. We calculated the costs for these scholarship students in the same manner described above, assuming all "new" scholarship recipients will be from families at or below 200% FPL. If demand for the scholarships from students in this group is less than the maximum number of scholarships available after the grandfathered recipients receive the scholarships, then students from higher income families would receive scholarships and the cost of the scholarship program would be less.

Table 7. Net State Costs at Certain Opportunity Scholarship Participation Levels Compared to Current Law (\$ in millions)				
Scenario	60,000 Students	66,000 Students	72,600 Students	79,860 Students
Existing scholarship recipients	41,331	41,331	41,331	41,331
Income-eligible students	18,669	24,669	31,269	38,529
Total annual estimated scholarship cost	\$333.3	\$367.8	\$405.6	\$447.3
Estimated annual reduction in state foundation aid	-\$185.7	-\$212.8	-\$242.6	-\$275.4
Elimination of directly funded CSTP payments	-\$19.8	-\$19.8	-\$19.8	-\$19.8
Elimination of income-based EdChoice payments	-\$44.6	-\$44.6	-\$44.6	-\$44.6
Total	\$83.2	\$90.5	\$98.6	\$107.5

As tables 6 and 7 show, for every 10% increase in the number of scholarships, the net state cost increases in the scenarios by between \$7 million and \$9 million (about a 9% increase

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each scenario), with the cost differential rising with successive increases in the scholarship cap. If, over time, demand for the scholarships continues to trigger the automatic increases in the number of available scholarships and those additional scholarships are awarded, the cost of the program will rise, potentially by a significant amount over the long term. Ultimately, the number of scholarships and thus the cost of the program could be limited based on the amount the General Assembly chooses to appropriate for the program.

General effects on individual school districts

As described above, because the state's school funding formula is based on enrollment, school districts with students who take the scholarship are likely to lose state foundation aid. Over time, the reduction could be substantial, but ultimately would depend on student participation rates in the scholarship program. School district expenditures may decrease due to educating fewer students.

Education savings accounts

The bill requires ODE to establish and maintain an education savings account for each Opportunity scholarship student whose scholarship amount exceeds the student's tuition and fees. ODE must transfer the excess amount to the Treasurer of State, who is required to deposit the amount transferred into the student's education savings account.

The bill permits a student or parent to use the money in the student's education savings account for eligible future primary and secondary education expenses, such as tuition, textbooks, tutoring services, and costs related to advanced standing programs.

A student's account must be maintained until the student graduates from high school or certain other events occur, such as the student becomes a resident of another state or the money is used for an expense not allowed under the bill. Any money left in the account at that time must be transferred to ODE to be used for oversight and parental outreach for the Opportunity Scholarship Program.

The bill requires the State Board of Education and the Treasurer to adopt rules for administering the accounts. In addition, the Treasurer is required to issue an annual report to the Governor and the General Assembly on the total amount of money in education savings accounts and interest credited to ODE. Any interest must be used for direct costs of administering the scholarship funds, with any remainder to be used by ODE for oversight and parental outreach. These requirements will increase the administrative costs of the Treasurer and may increase administrative costs to ODE.

Financial audits of education savings accounts

The bill requires the Auditor of State to annually conduct random audits of education savings accounts and authorizes the Auditor to conduct any additional audits of education savings accounts. The aggregate cost of the financial audits under the bill is uncertain, since it will depend on the number of education savings accounts that are created, the number of audits the Auditor of State chooses to perform, and the scope and duration of the audits. The Auditor of State bills the cost of performing a financial audit to the applicable state agency based on an hourly rate established by the Statewide Cost Allocation Plan (SWCAP). The current rate the Auditor bills state agencies under this plan is \$68 per hour. Financial audits for state

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agencies are funded by Fund 1090 line item 070601, Public Audit Expense – Intrastate, in the Auditor of State's budget.

The Auditor of State would likely bill the cost of audits under the bill to the Treasurer of State, since the bill requires the Treasurer to administer the education savings accounts. Under the bill, the Treasurer's costs to administer the education savings accounts are supported by the interest earnings the accounts generate.

Pupil transportation

Under continuing law, students receiving the EdChoice and CSTP scholarships are entitled to receive transportation to and from the chartered nonpublic school by the student's resident district. The resident district is not obligated to transport a scholarship student if the travel time exceeds 30 minutes by school bus between the district school building to which the student otherwise would be assigned and the student's nonpublic school. In this case, a school district may offer a payment in lieu of providing transportation to the parent of the student. The bill requires recipients of the Opportunity scholarship to be transported in the same manner as under current law.

This provision may increase transportation costs for school districts if a district is transporting recipients of the Opportunity scholarship to nonpublic schools outside its regular bus route. However, the transportation formula funds school districts based on either miles driven or the number of students transported, subject to a minimum state share floor. As a result, school districts may recoup a portion of the increased costs to transport scholarship students through the pupil transportation formula. Note that the transportation formula is also suspended for FY 2020 and FY 2021. For these years, school districts receive the same amount of funding as they received for FY 2019.

Other administrative requirements

The bill creates a number of administrative requirements for ODE and the State Board of Education in relation to the Opportunity Scholarship Program. A number of these provisions are required under current law for the operation of the EdChoice and CSTP scholarships, such as requiring ODE to conduct an application period for the Opportunity scholarship in generally the same manner as it conducts application periods for the EdChoice scholarship. In addition, the bill requires the State Board of Education to adopt rules that prescribe procedures for the administration of the Opportunity Scholarship Program. The administrative requirements under the bill may increase ODE's administrative responsibilities.

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