



## *Bill Analysis*

*Jennifer Stump  
John Rau*

*Legislative Service Commission*

### **H.B. 474**

125th General Assembly  
(As Introduced)

**Rep. Setzer**

---

#### **BILL SUMMARY**

- Directs the State Board of Education to establish, by July 1, 2007, the Ohio Regional Education Delivery System (OREDS) to provide core services and technical assistance to school districts, community schools, and chartered nonpublic schools.
- Restricts the core services and technical assistance provided to chartered nonpublic schools through OREDS to assisting those schools in complying with applicable statutes and administrative rules.
- Requires the State Board to establish up to 19 geographical regions throughout Ohio as part of OREDS.
- Requires the Department of Education to adopt a statewide strategic plan for OREDS.
- Requires the Department and the Ohio SchoolNet Commission to align the regionalized services provided by their field-based employees with the OREDS regions by July 1, 2005.
- Requires a regional service center in each OREDS region, selected under procedures established by the Department, to assume responsibility for delivery of the services currently provided by existing regional service providers other than educational service centers.
- Specifies that existing regional service providers, other than educational service centers, cease to exist once their duties are transferred to regional service centers.
- Permits regional service centers to contract with educational service centers for the provision of core services or technical assistance.

- Requires each regional service center to operate under the direction of a regional council.
- Directs the State Board to establish a coordinating council to make recommendations to the Board regarding OREDS and to perform other specified functions.
- Requires the establishment of state-level and regional functional area advisory boards to guide the development and deployment of initiatives in their functional areas.
- Requires the State Board and the Department to establish data reporting requirements and an accountability system for OREDS, including sanctions for failure to report timely and appropriate data and other consequences for performance.
- Places educational service centers under the OREDS accountability system.
- Requires the Department to establish a protocol for the accounting of funding and services of educational service centers to enable comparisons between the services provided by different educational service centers in terms of cost, quality, or other factors.

---

## TABLE OF CONTENTS

Background .....	3
Existing regional service providers.....	3
Establishment of the Ohio Regional Education Delivery System.....	5
Strategic plan for OREDS .....	5
OREDS entities required by bill .....	5
Regional service centers.....	6
Regional councils .....	7
Coordinating council.....	7
Functional area advisory boards .....	8
Educational service centers .....	8
Field employees of the Department and SchoolNet.....	9
Departmental procedures for OREDS .....	9
State Board rules for OREDS .....	10
Accountability system.....	10
Data reporting requirements.....	11

---

## CONTENT AND OPERATION

### Background

Am. Sub. H.B. 95 of the 125th General Assembly (the operating budget for the 2003-2005 biennium) required the Department of Education, in consultation with stakeholders, to recommend a plan to the General Assembly for the establishment of an Ohio Regional Education Delivery System to provide "minimum core" services and technical assistance to school districts and chartered nonpublic schools. The plan had to address how the system would take over the state-funded core services currently provided by various regional entities. New regional service centers established to replace these existing entities could not exceed 19 in number. The Department also had to recommend an accountability structure for the new delivery system and rules regarding the general organization of the system. The deadline for submission of the plan was March 31, 2004.<sup>1</sup>

On March 9, 2004, the State Board of Education accepted the plan for the regional delivery system proposed by the Department. That plan was subsequently presented to the General Assembly on March 11, 2004.

### Existing regional service providers

Various entities currently provide services to school districts and schools on a regional basis. Under the plan submitted to the General Assembly, many of these specialized entities would be phased out and their duties transferred to regional service centers charged with providing a wide range of services to districts and schools within their regions. Existing regional service providers are described below. The numerals in parentheses indicate the total number of each type of provider currently in operation.

- Regional professional development centers (12) provide educator training related to academic content standards, model curricula, and school improvement initiatives and offer other opportunities for professional development.
- Special education regional resource centers (16) assist school districts, schools, and county boards of mental retardation and developmental disabilities (MR/DD boards) in serving children with disabilities by providing technical guidance, special education teachers, instructional materials, and professional development.

---

<sup>1</sup> Section 41.34 of Am. Sub. H.B. 95 of the 125th General Assembly.

- Area media centers (24) provide access to media resources for schools.
- School improvement facilitators offer technical assistance to low-performing school districts, especially those in academic watch and academic emergency, and assist them in the development of continuous improvement plans. The number of school improvement facilitators varies by year according to need.
- Data acquisition sites (23) provide administrative and instructional computer services to school districts and other education entities. These services include accounting, payroll, curriculum management, test scoring, student scheduling, and reporting data to the Education Management Information System (EMIS). Collectively, the data acquisition sites are known as the Ohio Education Computer Network.
- Education technology centers (8) provide computer training, distance learning, professional development, and instructional programming.

**Educational service centers.** Educational service centers (ESCs) are regional public entities that offer a broad spectrum of services, including curriculum development, professional development, purchasing, publishing, human resources, special education services, and counseling services, to school districts and community schools in their regions. Formerly known as "county school districts," ESCs are statutorily required to provide some administrative oversight and other services to all "local" school districts within their service areas. In addition, ESCs provide services to "city" and "exempted village" school districts that enter into agreements for those services.<sup>2</sup> An ESC may also provide services for a fee to any school district or community school on a contractual basis. Each ESC is under the oversight of its own elected governing board. The 60 existing ESCs would not be eliminated under the Department's proposal.

---

<sup>2</sup> *A city or exempted village school district that contracts for services from an ESC is known as a "client school district." A client school district generally cannot have a total student population in excess of 13,000 students. (R.C. 3313.843 and 3317.11, neither section in the bill.)*

## **Establishment of the Ohio Regional Education Delivery System**

(R.C. 3312.01(A))

The bill directs the State Board of Education to establish the Ohio Regional Education Delivery System (OREDS) by July 1, 2007. OREDS is to "support the efforts of the Department of Education, school districts, community ["charter"] schools, and chartered nonpublic schools in raising instructional effectiveness and student achievement through the provision of core services and technical assistance necessary for school improvement." In the case of chartered nonpublic schools, core services and technical assistance are limited to helping those schools comply with applicable statutory requirements and administrative rules.

Core services and technical assistance provided through OREDS will be delivered to districts and schools on a regional basis. Therefore, the State Board must create up to 19 discrete geographic regions throughout Ohio. All areas of the state must be part of a region.

### **Strategic plan for OREDS**

(R.C. 3312.02)

The bill directs the Department of Education to develop a statewide strategic plan for OREDS to guide the delivery of core services and technical assistance in accordance with statewide education initiatives.

### **OREDS entities required by bill**

As specified in the bill, OREDS will consist of several new state-level and regional entities. These entities are:

- Regional service centers;
- Regional councils;
- A statewide coordinating council; and
- Regional and state-level functional area advisory boards.

Existing ESCs will continue to function, with authority to contract to provide services to OREDS.

**Regional service centers**

(R.C. 3312.01(B), 3312.03(A) and (B), and 3312.09)

Each geographic region created by the State Board of Education as part of OREDS will be served by a regional service center. Regional service centers must provide core services and technical assistance to school districts, community schools, and chartered nonpublic schools in their regions. A regional service center may contract with an ESC for this purpose.

**Selection of centers and fiscal agents** (R.C. 3312.03(A) and (B)). The bill requires the Department of Education to "establish procedures" for (1) selecting the entities that will function as regional service centers and (2) selecting a fiscal agent for each regional service center. These procedures apparently need not be formally promulgated as rules. The procedures for selecting the regional service centers must require the issuance of requests for proposals from entities interested in being a regional service center. The selection of each regional service center (but not the fiscal agents) is subject to the State Board of Education's approval.

**Transition of existing services to regional centers** (R.C. 3312.01(B)). Under the bill, regional service centers will assume responsibility for the provision of services currently offered by regional professional development centers, special education regional resource centers, area media centers, school improvement facilitators, data acquisition sites, education technology centers, and other regional service providers other than ESCs (see "**Existing regional service providers**" above).<sup>3</sup> Once the transfer of services from existing regional service providers to regional service centers is complete, the current regional service providers will cease to exist.

The State Board must develop a timeline for the transition of services from existing regional service providers to the regional service centers. With one exception, this transition must be complete by July 1, 2007. The exception applies to the integration of the services performed by data acquisition sites, which the State Board must finalize by July 1, 2010.<sup>4</sup> Funding appropriated for current

---

<sup>3</sup> *Examples of the services to be assumed by regional service centers under the bill are the provision of technical assistance as part of the Department of Education's system of support for low-performing school districts and schools (R.C. 3302.04(A)), the provision of coursework in collaboration with approved teacher preparation programs (R.C. 3319.227 and 3319.302), and the establishment of local professional development committees to evaluate whether completed coursework satisfies licensure requirements (R.C. 3319.22(D)(1)).*

<sup>4</sup> *According to the Department of Education, the later deadline for the transfer of services provided by data acquisition sites to regional service centers is necessary to*

regional service providers or their services must be distributed by the Department of Education to regional service centers after the transition. The provision of services by regional service centers must comply with State Board rules and administrative guidelines and procedures of the Department in effect on the date the service center assumes responsibility for the services.

### **Regional councils**

(R.C. 3312.03(C), 3312.10, and 3312.11)

The bill requires each regional service center to operate under the direction of a regional council. Each regional council is charged with developing policy and providing oversight of the activities, planning, and budgeting of its regional service center. In this capacity, the regional council must also create an annual strategic plan and budget that describes how the regional service center will provide and coordinate core services and technical assistance in the region and how it will support school improvement efforts. The plan and budget must be submitted to the Department and aligned with the Department's statewide strategic plan.

The Department must establish the method of appointing members to the regional councils. This method apparently need not be formally adopted in rules. The bill specifies that members of the regional councils must include representatives of school districts, ESCs, county MR/DD boards, community schools, and chartered nonpublic schools in the region.

### **Coordinating council**

(R.C. 3312.05 and 3312.06)

The State Board must establish a coordinating council for OREDS comprised of at least one representative of each regional service center and the Department. The coordinating council has several responsibilities under the bill. First, it must recommend to the State Board a definition of the core services to be provided through OREDS and strategies for coordinating the delivery of core services and technical assistance with statewide education initiatives. The bill does not specify what the State Board is to do with the council's recommendations.

---

*honor the sites' existing contracts with school districts for administrative and business services. The bill requires the Department to adapt its procedures, guidelines, and specifications for the Ohio Education Computer Network as necessary to make them compatible with the integration of the data acquisition sites into OREDS (R.C. 3301.075).*

Second, the council must work with other entities of OREDS to develop quality standards for the delivery of core services. Third, the council is charged with promoting communication among the school districts and schools that use OREDS, regional service centers, and the Department on issues affecting the operation of OREDS and other statewide education initiatives. Finally, the council must identify functional areas for which state-level and regional functional area advisory boards must be established (see below).

### **Functional area advisory boards**

(R.C. 3312.11(C) and 3312.14)

The bill requires the creation of advisory boards at the state and regional levels for each "functional area" identified by the OREDS coordinating council. For example, if the coordinating council identifies five functional areas, there must be five advisory boards in each OREDS region and five state-level advisory boards.

Regional functional area advisory boards must be established by the regional council in each OREDS region. The regional council appoints each advisory board's members, which must include educational personnel with expertise in the board's designated functional area and representatives of interested parties. Each regional functional area advisory board provides assistance in its functional area to the regional service center in its region. Under the bill, this assistance must include, but is not limited to, (1) guiding the development and deployment of regional and statewide initiatives in the functional area, (2) tailoring statewide initiatives to regional needs, and (3) identifying and disseminating best practices in the functional area.

Each regional functional area advisory board must appoint one representative to participate on a state-level advisory board in its functional area. The Department must also select at least one representative to serve on each state-level advisory board. State-level functional area advisory boards work with the regional advisory boards and with the OREDS coordinating council to address issues affecting the delivery of services in their respective functional areas.

### **Educational service centers**

(R.C. 3312.01(A), 3312.03(E), and 3312.09)

Under the bill, the function of ESCs remains largely unchanged. The bill explicitly states that ESCs must provide all services assigned to them by statute. Furthermore, they may continue to enter into contracts with school districts or community schools for other fee-based services.

One change the bill makes to the role of ESCs, however, is to expand their contracting authority to encompass regional service centers. Under the bill, an ESC may enter into a contract with a regional service center to provide some of the core services or technical assistance that the regional service center is responsible for delivering within its region. Presumably, the terms of payment would be negotiated between the parties to the contract.

Another change the bill makes is to require the Department to establish "a consistent protocol for the accounting of funds received by ESCs and the services for which those funds are used." This protocol must enable school districts and other ESC clients to make comparisons between the services provided by different ESCs in terms of cost, quality, or other factors.

### **Field employees of the Department and SchoolNet**

(R.C. 3312.01(C))

The Department of Education and the Ohio SchoolNet Commission currently employ field staff in regions throughout Ohio to provide services to school districts and schools. Department staff employed in this manner assist districts and schools with financial monitoring, early childhood and preschool programs, and educator licensure. Similarly, SchoolNet employees provide services related to SchoolNet programs and education technology.

Under the bill, by July 1, 2005, the Department and SchoolNet must align the services provided by their regional employees with the OREDS regions and coordinate those services with the regional service centers. During the 2004-2005 school year, the Department and SchoolNet must consult with the OREDS coordinating council to plan and coordinate the deployment of services by their field-based employees with other services provided through OREDS and with statewide education initiatives. The bill specifies that after alignment with the OREDS regions, all field staff of the Department and SchoolNet will continue to be employed by their respective agencies.

### **Departmental procedures for OREDS**

(R.C. 3312.03)

Under the bill, the Department of Education must establish procedures to implement OREDS and to facilitate alignment of the new entities required by the bill with the Department's strategic plan (see "**Strategic plan for OREDS**" above). These procedures apparently need not be formally adopted as rules. Although not limited to the specific issues cited by the bill, the procedures must include at least the following:

- (1) The process for selecting an entity to be the regional service center in each region;
- (2) The process for choosing a fiscal agent for each regional service center;
- (3) The method for selecting members to serve on the regional councils, which oversee the regional service centers;
- (4) Requirements for the submission of data to the Department (see "**Data reporting requirements**" below); and
- (5) A "consistent protocol" for the accounting of funds received by ESCs and the services for which those funds are spent to enable comparisons between the services provided by different ESCs in terms of cost, quality, or other factors.

**State Board rules for OREDS**

(R.C. 3312.04)

The bill requires the State Board of Education to adopt rules for OREDS. These rules must include the following topics:

- (1) Procedures for altering the boundaries of regions or revising the configuration of OREDS to correct inefficiencies or ineffectiveness;
- (2) The sanctions for failure to report data to the Department of Education in a timely and appropriate manner; and
- (3) An accountability system for OREDS that covers the Department, regional service centers, and ESCs (see below).

**Accountability system**

(R.C. 3312.04(C))

The bill requires that the accountability system that the State Board adopts for the Department, regional service centers, and ESCs must establish performance measures based upon student achievement, the effectiveness and efficiency of service delivery, the quality of implementation of statewide education initiatives, and satisfaction with OREDS as expressed by school districts and schools. "Consequences for performance" must also be part of the accountability system. Possible consequences may include, among others, implementation of an improvement plan that identifies problems in service delivery and strategies for correcting them, termination of contracts for the provision of services, or

reorganization of an entity's administrative or governance structure (see COMMENT).

**Data reporting requirements**

(R.C. 3312.03(D) and 3312.04(B))

The bill directs the Department of Education to establish requirements for the submission of data that it requests, and requires the State Board of Education to establish sanctions for failure to submit the data in a timely and appropriate manner. The Department's requirements apparently need not be formally promulgated as rules, but the sanctions established by the State Board must be adopted as rules. The sanctions may include dissolution of a region or a regional service center. The bill does not designate which persons or entities would be subject to the Department's data reporting requirements.

---

**COMMENT**

It is not clear under the bill to what extent the State Board of Education could sanction ESCs for poor performance under an accountability system adopted by rule. Some of the consequences for unsatisfactory performance suggested by the bill, although not required, might conflict with statutory provisions regarding ESCs. For example, the State Board's ability to reorganize an ESC's governing board would seem to be limited because the governing board is a public body elected in accordance with statutory procedures. Also, ESCs have statutory authority to enter into contracts for services with certain school districts and with community schools.<sup>5</sup> It is uncertain whether a State Board rule requiring the termination of an ESC's service contracts (if such a rule was adopted) could override a statutory provision permitting the ESC to have those contracts.

---

**HISTORY**

ACTION	DATE	JOURNAL ENTRY
Introduced	04-27-04	p. 1790

s0232-i-125.doc/kl

---

<sup>5</sup> See R.C. 3313.843 and 3313.844, neither section in the bill.