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Bill Analysis

Legislative Service Commission

H.B. 567

125th General Assembly
(As Introduced)

Rep. Setzer

BILL SUMMARY

- Creates the Ohio Regional Education Delivery System (OREDS) to provide support services to school districts through the existing educational service centers located within each of 19 designated regions.
- Requires the Auditor of State to select an educational service center in each OREDS region to serve as the regional service center for that region.
- Requires the regional service center of each OREDS region to act as fiscal agent for and to coordinate the delivery of regional services to school districts.
- Requires the Department of Education to conduct annual performance audits of regional service centers.
- Permits any school district regardless of size or location to receive supervisory, curriculum, and administrative services from an educational service center.
- Requires the state Chief Information Officer by July 1, 2005, to develop a data system to replace the one currently used to implement the Education Management Information System and requires school districts and community schools to begin using the new system by July 1, 2006.
- Prohibits data acquisition sites of the Ohio Education Computer Network to enter into new contracts after the effective date of the bill.

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CONTENT AND OPERATION

Background

Educational service centers and a number of other entities currently provide services to school districts on a regional basis.

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. 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. Currently, there are 60 ESCs each serving districts in one or more counties in the state.

Other existing regional service providers

Various other entities that currently provide services to school districts and schools on a regional basis 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.
- 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. 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.

Overview of the bill

The bill creates a new 19-region system, known as the Ohio Regional Education Delivery System (OREDS), to provide support services to the state's school districts through the existing educational service centers located within each region. The stated purpose of the system is to "support state and school district efforts to improve school effectiveness and student achievement." One

educational service center within each region is to operate as the "regional service center" to coordinate delivery of services and pass on funds to the other educational service centers to pay for those services. OREDS is to be operational on July 1, 2005, subject to appropriations of the General Assembly.

The bill also directs the state "Chief Information Officer" to develop a new statewide school district data system to replace the current Education Management Information System.

In addition, it prohibits data acquisition sites under the Ohio Education Computer Network from entering into any new contracts after the bill's effective date.

The bill does not address the function of the other regional service entities.

Structure of OREDS

(R.C. 3312.01)

Under the bill, OREDS is to consist of (1) a "regional service center" for each of 19 statutorily-prescribed regions, (2) a separate governing board for each regional service center, and (3) a general advisory board and three "specialized" advisory boards for each regional service center governing board. One existing educational service center (ESC) is to be selected by the Auditor of State to serve as the "regional service center" in each region. That service center is to coordinate the delivery of services among all of the educational service centers within the region.

Each ESC, however, also will continue to provide the supervisory, curriculum, and administrative services to "local" school districts as required by existing statutory law not changed by bill and may enter into agreements with "city" and "exempted village" school districts for the provision of similar services (see "**Enlarged client base for ESCs**" below). In addition, the bill provides that the ESC selected to be a regional service center will continue to be an ESC for the part of the region that comprises its ESC territory. Moreover, the governing board of the ESC selected to be the regional service center is to operate independently of the governing board of the regional service center.

OREDS regions

(R.C. 3312.02)

The 19 OREDS regions prescribed by the bill are as follows:

Region 1: Defiance, Fulton, Henry, Lucas, Williams, and Wood counties

Region 2: Erie, Huron, Lorain, Ottawa, and Sandusky counties

Region 3: Cuyahoga County

Region 4: Ashtabula, Geauga, and Lake counties

Region 5: Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, and Van Wert counties

Region 6: Crawford, Knox, Marion, Morrow, Richland, Seneca, and Wyandot counties

Region 7: Medina, Portage, and Summit counties

Region 8: Ashland, Holmes, Stark, and Wayne counties

Region 9: Columbiana, Mahoning, and Trumbull counties

Region 10: Darke, Miami, Montgomery, Preble, and Shelby counties

Region 11: Champaign, Clark, Greene, Logan, and Madison counties

Region 12: Delaware, Franklin, Licking, and Union counties

Region 13: Carroll, Coshocton, Harrison, Morgan, Muskingum, and Tuscarawas counties

Region 14: Belmont, Guernsey, Jefferson, Monroe, and Noble counties

Region 15: Fairfield, Hocking, Perry, and Pickaway counties

Region 16: Butler, Clermont, Hamilton, and Warren counties

Region 17: Brown, Clinton, Fayette, and Highland counties

Region 18: Adams, Jackson, Lawrence, Pike, Ross, and Scioto counties

Region 19: Athens, Gallia, Meigs, Vinton, and Washington counties

The Auditor of State may decrease the number of regions and reassign counties to other regions, if the Auditor of State finds that there is no ESC within a region that meets the selection criteria for being a regional service center (see "**Reassigning counties**" below).



Selection of regional service center

(R.C. 3312.03(A))

The bill requires the Auditor of State to select a regional service center for each OREDS region by April 15, 2005. To do so, the Auditor of State must evaluate and rank each ESC in each region based upon the following criteria:

- (1) Capability to serve as a fiscal agent as demonstrated by a satisfactory audit record and prior experience serving as a fiscal agent;
- (2) Adequate capacity in terms of facilities, personnel, and other relevant resources;
- (3) Evidence that the ESC's role as a regional service center would result in minimal disruption to existing service contracts between the ESC and school districts;
- (4) Demonstrated intent to abide by any limit imposed by the General Assembly on the maximum amount of administrative fees that a regional service center may charge school districts; and
- (5) Passage of a resolution by the ESC's governing board expressing willingness to serve as a regional service center.

The bill prohibits the Auditor of State from determining that two or more ESCs within the same region are equally qualified to be a regional service center.

Reassigning counties

(R.C. 3312.03(B) and 3312.08)

If the Auditor of State determines that no ESC within a region satisfies the criteria described above, the region will cease to exist. In that case, the Auditor of State must "reassign" the counties within that region to one or more other regions. In reassigning counties to another region, the Auditor of State must ensure (1) that all counties served by a multi-county ESC are reassigned to the same region, (2) that the regional service center of the region to which the counties are reassigned is within a reasonable distance geographically from the ESC serving those counties, and (3) that the regional service center has experience coordinating the delivery of services similar to the services provided by that ESC.

In addition, the ESC of any county reassigned to another region must be included in the rankings of all other ESCs in that region, if a new regional service

center is selected for that region following the required annual audit (see "Performance audits" below).

Regional service center governing board

(R.C. 3312.04)

Each OREDS regional service center is to be under the direction and oversight of a "governing board," which is separate from the board that governs the ESC selected to be the regional service center. Each regional service center governing board must consist of five members appointed from among and upon a majority vote of the total combined membership of the school district boards of education and ESC governing boards within the region. The initial appointments to each governing board must be made by May 15, 2005, for terms of office that last until January 1, 2008. Thereafter, terms of office are for two years.¹

Since the bill does not specify any procedure for making the appointments from the pool of potential candidates, presumably each region must develop its own appointment method.

The bill does specify whether the governing board annually must elect officers from among its members.

Duties of the regional service center governing board

(R.C. 3312.05)

The governing board of each regional service center is required to do all of the following:

(1) Develop and implement policies to coordinate the delivery of services to school districts by the ESCs within the region;

(2) Act as a fiscal agent for funds appropriated to the regional service center for distribution to ESCs for the provision of services to school districts or for the implementation of state or regional education initiatives;

¹ Any member who ceases to be a member of a school district board of education or educational service center governing board within the region must cease to be a member of the regional service center governing board. Vacancies are to be filled in the same manner as the original appointment. Any member appointed to fill a vacancy occurring prior to the expiration of the term for which the member's predecessor was appointed holds office for the remainder of that term.

(3) Foster collaboration among ESCs by encouraging them to specialize in the types of services they provide or offer additional services where necessary to improve school effectiveness and student achievement; and

(4) Employ a superintendent, treasurer, and other employees to carry out the responsibilities of the regional service center.

Funding for the delivery of educational services

(R.C. 3312.09)

Although ESCs within each region remain independent entities as under current law, under the bill both regional service centers and the other ESCs carry out the mission of OREDS to support state and school district efforts to improve school effectiveness and student achievement. To finance that mission, the bill requires the Department of Education annually to pay each regional service center the funds specifically appropriated for the operation of the regional service center and for distribution to ESCs for delivery of services.

The bill also provides that ESCs will continue to receive payments for services to "local" school districts and other client districts as prescribed by current law, not changed by the bill.² These payments are as follows:

(1) Each ESC receives \$6.50 per pupil from each local and client school district.

(2) Each ESC receives either \$37 or \$40.52 per pupil of direct state funding.³

(3) Each ESC receives from each district served one "supervisory unit" for the first 50 classroom teachers required to be employed in the district and one such unit for each additional 100 required classroom teachers, to pay the ESC's cost of providing a teacher to support and advise a district's teachers.⁴

² R.C. 3317.11, not in the bill.

³ The latter amount is paid to ESCs that have formed as a result of a merger of at least three smaller ESCs.

⁴ School districts are required to employ one full-time equivalent teacher for every 25 students enrolled (R.C. 3317.023(B), not in the bill).

A supervisory unit is the sum of the statutorily prescribed minimum salary for the licensed supervisory employee, an amount equal to 15% of that prescribed salary, and a statutorily prescribed allowance for necessary travel expenses.

Finally, ESCs also retain their existing authority to contract directly with school districts on a fee-for-service basis.

Advisory boards

(R.C. 3312.06 and 3312.07)

Each regional service center governing board is to be supported by at least four separate advisory boards. The first is a general advisory board to make recommendations regarding the funding and coordination of the delivery of services to school districts within the region. The advisory board consists of the superintendent and treasurer of the regional service center itself, of each ESC in the region, and of the two school districts with the respective smallest and largest student populations in the region.

In addition, each governing board must establish the following three specialized advisory boards:

(1) A special education advisory board, which must include parents, principals, and superintendents of school districts and ESCs in the region;

(2) A professional development advisory board, which must include classroom teachers, principals, and superintendents of school districts and ESCs in the region; and

(3) An education technology advisory board, which must include all of the following:

(a) Superintendents of school districts and ESCs in the region;

(b) School district and ESC personnel whose job duties involve working with the Education Management Information System;⁵ and

(c) Employees of any education technology center located in the region.

A governing board also may establish additional advisory boards to make recommendations on topics of interest to the governing board.

⁵ *The bill further prescribes that the personnel appointed must include at least one employee each from the two school districts with the respective smallest and largest student populations and one employee from each ESC in the region.*

Performance audits

(R.C. 3312.08)

The bill requires the Department of Education to conduct annual performance audits of each regional service center. In conducting the audits, the department must examine the soundness of the regional service center's fiscal operations and the quality and efficiency of its coordination of the delivery of services to school districts within its region. The performance audits are to be completed by April 15 of each year beginning in 2007.

The Department must provide copies of the audits to the chairpersons and ranking minority members of the education committees of the House and the Senate. In turn, the chairperson or ranking minority member of either committee may request the convening of a joint committee to review any of the performance audits. Each joint committee must consist of the chairpersons, vice-chairpersons, and ranking minority members of the two education committees.

If convened, a joint committee must review the findings of the audit, and if a majority of the committee's members finds that the regional service center is not performing satisfactorily based upon the results of the audit, the joint committee must request the Auditor of State to select a new regional service center for the region. Within three months after a joint committee makes its request, the Auditor of State must select a new regional service center for the region, by re-ranking the region's ESCs (see 'Selection of regional service center' above) or reassign the counties within the region to one or more other regions (see 'Reassigning counties' above).

If an ESC other than the existing regional service center receives the highest ranking, that ESC becomes the new regional service center, and a new governing board for the new regional service center must be appointed.⁶ If a new regional service center is selected or the counties within the region are reassigned to one or more other regions, the former regional service center for the region will function solely as an ESC. In that case, the governing board of that regional service center is dissolved immediately upon the conclusion of all remaining board business.

It is not clear whether the bill would allow the Auditor of State, if the Auditor determines that the existing regional service center remains the most qualified to perform that role, to leave the existing center in place despite the

⁶ *Initial appointments to the new governing board are to run until the following January 1, after which terms of office are for two years.*

committee's recommendation, as an alternative to reassigning the counties to other regions.

Enlarged client base for ESCs

(R.C. 3313.843)

ESCs, under current law, may enter into agreements to provide "city" and "exempted village" school districts with services similar to those provided to "local" school districts.⁷ This authorization generally is limited to school districts with total student populations smaller than 13,000 students and with territory in a county served by the ESC. The bill eliminates both of these limits making it possible for an ESC to contract to provide per-pupil-based services to any school district in the state.

Data system to replace the existing Education Management Information System

(Section 4)

Currently, the Department of Education operates the Education Management Information System (EMIS), which is a statewide electronic database of public school fiscal, staff, and student data.⁸ For most districts, EMIS data is coded and entered by one of 23 "data acquisition sites" operated under the Ohio Education Computer Network.⁹ (See "Data acquisition site contracts" below.) Some larger school districts enter their EMIS data directly.

The bill requires the state Chief Information Officer to develop a data system to replace the data system currently used to implement EMIS by July 1, 2005.¹⁰ The new data system must provide *separate* databases for: (1) the collection of district and community school financial data, and (2) the collection of student data and other data used to determine academic performance ratings for school districts and individual schools. In developing the new data system, the Chief Information Officer must "ensure that districts and community schools will

⁷ *City and exempted village school districts that have entered into these agreements with ESCs are known as "client districts" (R.C. 3317.11(A), not in the bill).*

⁸ *See R.C. 3301.0714, not in the bill.*

⁹ *See R.C. 3301.75.*

¹⁰ *In January, 2004, the Governor by executive order created the Office of Information Technology and the position of Chief Information Officer to oversee that office. The office is charged with finding ways to increase efficiencies in state spending for information technology and in delivery of information services to state agencies.*

be able to enter data into the system directly without the aid of any other entity, including the data acquisition sites."

The bill further requires the Department of Education to provide each school district and community school with any necessary software for implementation of the new data system. In addition, each ESC, under the joint direction of the Department of Education and the Chief Information Officer, must conduct training sessions for district and community school personnel on the operation of the new data system during the 2005-2006 school year. The Department then must switch EMIS over to the new data system, and each school district and community school must begin using the new data system on, July 1, 2006 (the beginning of the 2006-2007 school year).

Data acquisition site contracts

(R.C. 3301.075)

The bill prohibits the 23 data acquisition sites from entering into new contracts with school districts or service vendors on or after the bill's effective date. Presumably, as existing contracts expire, school districts or ESCs would assume responsibility for the services formerly performed by the data acquisition sites under those contracts.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	10-21-04	p. 2173

H0567-I-125/ejs