Ohio Legislative Service Commission

LSC Staff

Fiscal Note & Local Impact Statement

Bill: Sub. S.B. 316 of the 129th G.A. **Date**: May 24, 2012

Status: As Reported by House Education **Sponsor**: Sen. Lehner

Local Impact Statement Procedure Required: Yes

Contents: Modifies laws related to education, workforce development, and early childhood care

State Fiscal Highlights

- Various provisions of the bill will likely increase the administrative costs of the Department of Education (ODE). These provisions include:
  - Changes to the third grade reading guarantee that require diagnostic assessments in additional circumstances thereby increasing ODE's costs in printing and distributing the assessments.
  - Requirement to screen and approve nonschool district providers of reading intervention services.
  - Annual publication of a report summarizing the number of students in grades kindergarten through four reading below grade level and the types of intervention services provided, the issuance of a report on funding for the assessments and interventions associated with the third grade reading guarantee, and development of legislative recommendations regarding the state's policies on literacy education.
  - Requirement to adopt model curricula for grades kindergarten through 12 that embed career connections learning strategies into regular classroom instruction.
  - Requirement to develop and issue report cards for joint vocational school districts and other career-technical planning districts.
  - Requirement to revise operating standards for school districts and chartered nonpublic schools to include standards for the operation of blended learning and provide information on the use of blended and digital learning in the delivery of academic standards and curricula to students.
  - Changes to the requirement to develop standards for determining the amount of annual operating expenditures for classroom versus nonclassroom purposes.
  - Requirement to adopt a new ratings system for community schools with dropout prevention and recovery programs.

- Requirement to adopt rules establishing procedures for awarding Ed Choice scholarships to newly eligible students and to hold a second Ed Choice application period for the 2012-2013 school year for those students.
- Inclusion of additional children under school age into the Education Management Information System (EMIS).

- The bill requires each member of the board of trustees of any college preparatory boarding school to file a disclosure statement with the Ohio Ethics Commission; the Commission may experience minimal administrative costs for filing the statements.
- Various provisions of the bill will likely increase the administrative costs of the Department of Job and Family Services (ODJFS). These provisions include:
  - Requirement to license type B and limited type B family day care homes. ODJFS also may experience a gain in license fee revenue due to this provision.
  - Transition of the supervision and duties of the state workforce development system from the Director of ODJFS to the State Workforce Policy Board.
  - Inclusion of child care providers, instead of only child care centers, in the tiered quality rating and improvement system known as Step Up to Quality.
- The Ohio Department of Developmental Disabilities will incur additional administrative costs to coordinate implementation of the stated policy regarding the placement of individuals with developmental disabilities in employment settings and to prepare and submit an annual report.

Local Fiscal Highlights

- The bill's revisions to the "third grade reading guarantee" will require school districts and community schools to provide increased levels of assistance for more students in grades kindergarten through three reading below grade level. It may also result in additional students being retained an additional year in the third grade. School districts may also have to screen and approve nonschool district providers of reading intervention services. As a result, costs for school districts and community schools are likely to increase.
- The bill repeals a provision enacted in H.B. 153 authorizing a school district principal or any other person employed by and assigned to a school district school to also serve as the school district's gifted education coordinator, if qualified to do so. This repeal may increase a school district's expenses associated with its gifted education coordinator.
- Under the bill, county departments of job and family services (CDJFSs) may experience a decrease in administrative costs and a loss of any certification fee revenue they are collecting if they no longer certify type B and limited type B family day care homes.

Detailed Fiscal Analysis

The bill contains a number of provisions related to K-12 education, higher education, workforce development, and early childhood care. Provisions with a possible fiscal effect to state and local governments are discussed below. For a complete description of the bill's provisions, please see the LSC bill analysis.

Academic performance and student assessments

Third grade reading guarantee

Overview

Under current law, a school district or community school must retain in the third grade a student who scores in the "limited" (lowest) range on the third grade reading achievement assessment, unless the student's principal and reading teacher agree that the student is academically prepared for fourth grade or the student will receive intervention services in that grade. School districts are required to notify the parents of students in grades one and two reading below grade level of that fact and to provide intervention services. School districts must also offer intense remediation services during the summer following third grade for students that do not attain scores in the "proficient" range on the third grade reading achievement assessment. These provisions are referred to as the "third grade reading guarantee."

Beginning with the 2012-2013 school year, the bill raises the threshold triggering the guarantee from students with "limited" scores to those with either "limited" or "basic" scores. Overall, 7.3% of students (approximately 10,000) taking the third grade reading achievement assessment scored in the "limited" range and 12.8% (approximately 17,000) scored in the "basic" range during the 2010-2011 school year. So, the bill increases the number of students subject to the guarantee by about 17,000 initially. The bill also makes a number of changes to other components of the third grade reading guarantee, including increased diagnostic testing to identify students that are reading below grade level and increased levels of assistance on the part of school districts for students reading below grade level or who are retained in the third grade. The bill also revises the exemptions to the guarantee beginning in the 2013-2014 school year. Overall, these and other related provisions are likely to result in increased costs for both school districts and ODE. These provisions are discussed in more detail below.

Diagnostic assessments

To better identify students reading below grade level, the bill requires, beginning in the 2012-2013 school year, school districts and community schools to administer the state-developed diagnostic assessment in English language arts, or a comparable tool developed by ODE, to all students in grades kindergarten through three by September 30 of each school year. Currently, the diagnostic assessment is required for students in grades one and two only. Administration of the third grade English

language arts diagnostic is optional, unless a school has failed to make AYP for two or more consecutive years. In that case, the diagnostic assessment is required. The bill requires a school district to submit to ODE the results of all diagnostic assessments (including English language arts and mathematics) it administers. In general, school districts are not currently required to submit the results of diagnostic assessments to ODE.

Intervention services

The bill also requires school districts and community schools to provide an increased level of assistance for students in grades kindergarten through three reading below grade level. The bill requires, for each student in grades kindergarten through three reading below grade level, a more thorough notification to parents and intensive reading instruction immediately following identification of a deficiency. The intensive reading instruction is to be carried out through a reading improvement and monitoring plan that the school district or community school must develop for each child. Students entering third grade with such a plan must be assigned to a teacher with a specialty in reading instruction. Students retained in the third grade must be provided intense remediation services until the child is able to read at grade level, at which point the student may be promoted to the fourth grade (the promotion may occur mid-year according to a policy that school districts must establish) and must be provided a high-performing teacher. The bill also requires school districts and community schools to provide retained third graders who have been identified as gifted in fields other than reading with instruction in those fields commensurate with the student's achievement levels. Overall, school districts may offer the option for students to receive applicable services from one or more providers other than the district. However, the bill requires the district or ODE to screen and approve the providers.

Exemptions

Under the bill, students not scoring at least "proficient" on the third grade reading assessment would be subject to retention beginning in the 2012-2013 school year, though under current retention requirements. Beginning with the 2013-2014 school year, the exemptions to the guarantee become more narrow, so that only the following students are exempt from the guarantee: certain limited English proficient students, certain special education students, students that demonstrate an acceptable level of performance on an alternative standardized reading assessment as determined by ODE, and special education students who have been previously retained in grades kindergarten through three, received intensive remediation in reading during at least two school years, but still remain deficient in reading. Similarly, students not in a special education program that received intensive remediation in reading during at least two school years but still demonstrate a deficiency in reading and who have been previously retained in grades kindergarten through three may be promoted to fourth grade as long as they continue to receive intensive reading instruction in the fourth grade.

Reports and recommendations

The bill also requires several new reports to be issued and legislative recommendations to be developed in regard to the third grade reading guarantee and literacy education. Specifically, the Superintendent and the Director are to issue a report by December 31, 2012 on the ability of ODE to reprioritize state and federal funds so that additional funds may be used to support the assessments and interventions associated with the third grade reading guarantee. Also, the bill requires the State Board of Education and the Early Childhood Advisory Council to jointly develop legislative recommendations regarding the state's policies on reading readiness for individuals from birth through third grade. The recommendations are to be submitted no later than February 28, 2013. Finally, the bill requires the Superintendent of Public Instruction to annually report on the number and percentage of students in kindergarten through grade four reading below grade level, the types of intervention services provided to students, and to provide, if available, an evaluation of the efficacy of the intervention services provided.

Fiscal effects

The bill's provisions modifying the third grade reading guarantee are likely to increase costs for school districts and community schools to provide increased levels of assistance to more students to ensure that students are reading at grade level by the end of the third grade. It may also result in additional students being retained an additional year in the third grade. School districts and community schools may also incur additional administrative costs to administer the additional diagnostic assessments required by the bill, score the additional assessments, and submit the results of the assessments to ODE. However, these costs are not likely to be significant since state law requires diagnostic assessments to be provided to school districts at no cost. Requiring diagnostic assessments in additional circumstances may increase ODE's costs in printing and distributing the assessments. School districts and ODE may also experience increased administrative costs to screen and approve nonschool district providers of reading intervention services. ODE is likely to experience increased administrative costs beginning with the 2013-2014 school year from the requirement to determine what constitutes an acceptable level of performance on an alternative standardized reading assessment to qualify for exemption from retention. Finally, the ODE reports and recommendations required by the bill may also result in some additional administrative costs.

Joint vocational school district rankings and report cards

Under current law enacted in H.B. 153, ODE is required to develop a system to rank order all traditional school districts and joint vocational school districts (JVSDs) according to (1) student achievement (the performance index score), (2) student performance growth (the value-added progress dimension), (3) federally required career-technical education performance measures, if applicable, (4) current operating expenditures per pupil, and (5) performance of, and opportunities provided to, gifted

students. Since JVSDs do not have a performance index score, current law requires ODE to develop an alternative measure of student academic performance to be used so that all districts, schools, and buildings may be reliably compared to each other. The first report containing the rankings must be issued by September 1, 2012.

The bill removes JVSDs from the districts included in the ranking. The bill also eliminates federally required career-technical education performance measures from the factors on which traditional school districts are to be ranked. However, the bill requires ODE, in consultation with the Chancellor of the Ohio Board of Regents, any office of the Governor that deals with workforce development, the Ohio Association of Career and Technical Education, and the Ohio Association of Career-Technical Superintendents, to develop a report card for JVSDs and non-JVSD career-technical planning districts (CTPDs) separate from those for traditional school districts. The first JVSD report cards are to be issued for the 2012-2013 school year. These provisions may increase ODE's administrative costs to develop a separate report card for the 49 JVSDs and 42 non-JVSD CTPDs.

Academic standards and model curricula

Under current law, the State Board of Education is tasked with adopting statewide academic standards for grades kindergarten through 12 in English language arts, mathematics, science, and social studies. In general, these standards specify what students are expected to know and be able to do at each grade level in order to be prepared for postsecondary instruction and the workplace. The State Board is also tasked with developing model curricula for instruction in each subject area that aligns with the academic standards adopted. School districts are not required to use all or any part of a model curriculum adopted by the State Board.

The bill expands on the requirement to develop model curricula by requiring the State Board, in consultation with any office of the Governor dealing with workforce development, to adopt model curricula for grades kindergarten through 12 that embed career connections learning strategies into regular classroom instruction. The career connections learning strategies are intended to assist students in understanding their career options and the courses they will need that align with their career path. The State Board must adopt the model curricula by June 30, 2013. This provision may increase ODE's costs to develop the appropriate curriculum.

Blended learning

The bill permits any school district, community school, STEM school, college preparatory boarding school, or chartered nonpublic school to operate all or part of a school using a blended learning model. "Blended learning" refers to a formal education program in which a student learns in part through online delivery of content and instruction with some element of student control over time, place, path, or pace, and primarily at a supervised location away from home. Schools that plan to begin or cease operating a blended learning program, are required to notify ODE by July 1 of the school year for which the change is effective. The bill permits, but does not require, a

school already operating a blended learning program on the bill's effective date to notify ODE within 90 days after the bill's effective date and request classification as a blended learning school.

The bill also requires ODE, whenever the State Board of Education adopts state academic standards or model curricula, to provide information on the use of blended and digital learning in the delivery of the standards and curricula to students ("digital learning" refers to learning facilitated by technology that gives the student some control over the time, place, path, or pace of learning). The bill also requires the State Board to revise any operating standards for school districts and chartered nonpublic schools to include standards for the operation of blended learning. The standards must contain certain specified elements. These provisions may increase ODE's administrative costs. Finally, the bill specifies that an "internet- or computer-based community school" (often called an "e-school") is not a blended learning school. Current law regulating e-school operation and state funding remains unchanged.

School finance

Definition of state education aid

The bill specifies that a school district's "state education aid" for FY 2012 and FY 2013 includes both its supplemental guarantee payment and its payment for high academic performance (if any such payments are made to the district), in addition to its payments under the temporary bridge formula as under current law.

Deductions for community schools are limited to a district's state education aid and property tax rollback payments. Thus, this provision provides a higher ceiling for deductions of state education aid from traditional school districts to community schools. The provision would only have an effect if the deductions for a district were greater than the district's state education aid under the current definition plus its property tax rollback payments. Very few districts are likely to be affected by this change.

Reports of district spending

The bill revises a provision, enacted by H.B. 153, requiring ODE to develop standards for determining, from existing data reported under the Education Management Information System (EMIS), the amount of annual operating expenditures for classroom instructional purposes and for nonclassroom purposes for each school district, community school, and STEM school, by (1) eliminating the already past due date of January 1, 2012 for ODE to present the standards to the State Board of Education for consideration, (2) delaying the due date the State Board must adopt a final set of standards from July 1, 2012 to December 31, 2012, (3) requiring ODE, in developing the standards, to align the expenditure categories required by the standards to those categories required for reporting to the U.S. Department of Education under federal law, and (4) requiring school districts, community schools, and STEM schools to begin reporting data in accordance with the standards on July 1, 2013. This provision may

increase ODE's administrative costs to redevelop the standards. ODE already developed the standards required under existing law, though they have yet to be adopted by the State Board.

A separate provision enacted in H.B. 153 also requires ODE to annually report for each school district certain measures of school district spending based on the expenditure categorization standards developed by ODE in the provision above. The bill aligns the language used for the calculations for this reporting requirement with the standards developed by ODE by instructing ODE to publish each school district's operating expenditures for "classroom instructional purposes" (rather than "instructional purposes" as under current law) compared to its operating expenditures for "nonclassroom purposes" (rather than "administrative purposes" as under current law).

Educational staff

Teacher evaluations

Under current law teachers of core subject areas who work in a building that is ranked in the lowest 10% of all public school buildings according to performance index score are required to take tests to prove their expertise to teach the subjects and grade levels to which they are assigned. The bill modifies this testing requirement for school districts so that it applies only to teachers who received an "ineffective" rating on evaluations for two of the three most recent school years. The requirement is not changed for community schools and STEM schools. This provision may result in an increase or decrease in administrative expenditures for certain school districts depending on whether the change results in an increase or decrease in the number of teachers required to take these exams.

The bill changes the evaluation requirements for teachers on limited or extended limited contracts. The bill requires one evaluation per year with at least three formal observations for these teachers. Under current law, these teachers must have two evaluations in any year the employer is considering not rehiring the teacher and each evaluation must include at least two formal observations of at least 30 minutes each. This provision may have a minimal effect on each school's administrative burden.

The bill specifies that substitute teachers are not subject to the requirement to undergo annual teacher evaluations. To the extent that a district currently conducts evaluations of substitute teachers, it may see a decrease in administrative expenditures.

The bill requires the Ohio State School for the Blind and the Ohio School for the Deaf to adopt a teacher evaluation policy in the same manner as a school district. Currently there are no requirements for either school to conduct teacher evaluations in this manner, so if they need to implement such procedures, the schools may incur additional administrative expenditures.

The bill requires each school district's evaluation procedures for assistant principals to be based on principles comparable to the teacher evaluation policy, but tailored to the duties and responsibilities of assistant principals. School districts could incur minimal additional administrative expenses to establish the new procedures.

Teacher evaluation reports

The bill requires the Department of Education to establish guidelines for a teacher evaluation report containing the number of teachers receiving each evaluation rating (accomplished, proficient, developing, and ineffective). The bill also requires each school district, community school, and STEM school conducting evaluations to report the number of teachers receiving each evaluation rating, aggregated by the teacher preparation programs from which the teachers graduated and by graduation year, to ODE for purposes of a report to be prepared by the Chancellor of the Board of Regents. The Chancellor is required, by December 31, 2014, and annually thereafter, to assemble a report on the number and percentage of graduates of each Ohio teacher preparation program who were rated at each of the four performance levels on the previous school year's evaluations. School districts, ODE, and the Chancellor may incur additional administrative expenditures to compile and distribute the teacher evaluation reports.

Teacher retesting

The bill repeals a provision of H.B. 153 that requires teachers of core subject areas to retake exams to prove their knowledge when the teacher's building is ranked by performance index score in the lowest 10% of all public schools. As a result of the repeal, school districts will save any potential costs related to the testing.

Educational staff licensure

The bill requires ODE to study the licensure requirements for educational staff responsible for the development of informational sources for the support of curriculum and literacy development and directs ODE and the State Board of Education to use the study to make necessary revisions to those requirements. As a result, ODE may incur additional expenditures while conducting the study and, then, implementing any recommendations.

Community schools

Hybrid community schools

The bill authorizes the establishment of hybrid community schools that provide both remote, technology-based instruction and classroom-based instruction, so long as the governing authority of that school has entered into a contract with an operator that has operated a community school in the state for at least five continuous school years. In addition, the bill permits existing community schools to restructure themselves as hybrid community schools if the school has been open for at least five continuous school years and has entered into a contract with an operator that has operated a

community school for at least five continuous school years. The bill provides for a hybrid school to be funded in the same manner as a "brick and mortar" community school, rather than an e-school.

If a student leaves a traditional school district to attend a hybrid school, the district's revenues and expenditures may both be affected. The student will continue to be counted in the average daily membership (ADM)[1] of the district for funding purposes; however, funding for the student will be deducted from the district's calculated state funding allocation and will "follow" the student to the hybrid school. Since the district will no longer be responsible for educating the student, its expenditures may also decrease. Under current law, e-schools receive only per pupil base-cost funding ($5,653), plus special education weighted funding for serving students with disabilities. Brick and mortar schools, on the other hand, receive additional subsidies such as career-technical education weighted funding, poverty-based assistance, and parity aid. Therefore, deductions for any student whose status changes from e-school student to hybrid community school student will likely increase. Students who leave traditional and e-schools for hybrid schools will not impact total state aid, because these students are already included in statewide ADM calculations.

If a student leaves a nonpublic school to attend a new hybrid community school, however, the student will be added to the statewide ADM. Generally, the district's ADM will also increase, causing an increase in its state funding allocation, and it will have funding deducted as described above. Since the district was not previously educating the student, the district will not experience a decrease in expenditures. Any increase in ADM related to new hybrid school students would not impact total state aid expenditures. This is because for FY 2012 and FY 2013, overall state funding is capped by the appropriations in those years. However, an increase in one district's ADM may increase that district's state aid, but reduce state aid for all other districts. In addition, current law includes a funding guarantee for certain districts. Under a guarantee, a district's state aid is not likely to respond to changes in ADM. Districts that are not under the guarantee, however, would experience an increase in state aid if ADM increases.

Disposal of school district property

Under current law, school districts are required to offer unused real property for sale or lease to community schools located in the district. The bill requires school districts, when offering property, to also make that offer to college-preparatory boarding schools. In addition, the bill adds nonprofit private colleges and universities as well as chartered nonpublic schools to the list of entities that may purchase real or personal property of a school district by direct sale. Because additional parties may be interested in purchasing or leasing the property, demand for the property may increase. Potentially, then, school districts could experience a gain in revenue compared with the

[1] ADM is the enrollment measure that the state uses for funding purposes.

revenue they would have received by only offering the property to community schools within the district.

The bill also specifies that if the district conducts an auction or lottery to select a community school to purchase or lease the property because more than one eligible party notifies the district of its interest in the property, the auction or lottery must be conducted only among the parties that notified the district of their interest, instead of among all eligible parties as required under current law (i.e., all community schools located in the district regardless of whether they express interest in the property).

Dropout prevention and recovery

The bill requires the State Board of Education to adopt a new ratings system for community schools with dropout prevention and recovery programs by December 31, 2014, to be used beginning with the 2014-2015 school year. The three designations under the new system are "exceeds standards," "meets standards," and "does not meet standards." To develop the ratings system, ODE is required to gather data from community schools that operate dropout prevention and recovery programs and to consult with stakeholder groups. ODE must determine each school's rating by using various performance metrics prescribed by the bill.

ODE may experience a minimal increase in administrative costs due to adopting the new ratings system, gathering data from community schools, and meeting with stakeholders. Community schools may also incur small administrative costs for providing requested data to ODE.

Office of Ohio School Sponsorship

The bill designates ODE's Office of Ohio School Sponsorship as the entity within ODE that may assume temporary sponsorship of a community school whose sponsor is found not to be in compliance with state rules or its contract with a community school. According to ODE, certain tasks relating to temporary sponsorship are carried out by both the Office of Ohio School Sponsorship and the Office of Community Schools. By specifying that temporary sponsorship is the responsibility of the Office of Ohio School Sponsorship, ODE expects to reduce duplicative efforts, thereby reducing administrative costs.

Documentation of residency of homeless children

The bill authorizes the governing authorities of start-up community schools to adopt a policy that prescribes the number of documents required to verify a homeless student's residency and specifies which documents may be accepted to provide valid proof of residency. If the governing authorities of community schools adopt residency documentation policies, they may incur minimal administrative costs.

In the event of a disagreement about which start-up community school a homeless student is entitled to attend, the bill specifies that the Superintendent of Public Instruction must make the final decision. In these cases, which are likely to be very few, ODE may experience an administrative burden for reviewing the disagreement and

making the decision as to the appropriate school for the child. The bill prohibits ODE from withholding payments to a community school based on a challenge by a school district concerning the community school's enrollment or student residency reports.

Scholarship Programs

Ed Choice scholarships

The bill requires the State Board of Education to adopt rules establishing procedures for awarding Ed Choice scholarships to students who are already attending a nonpublic school when it receives its charter. Students attending these schools may only receive Ed Choice scholarships if they are eligible to attend a district where the resident students qualify for Ed Choice scholarships. The bill requires ODE to hold a second Ed Choice application period for the 2012-2013 school year for students who were enrolled in a nonpublic school that received its charter during the 2011-2012 school year.

The bill also qualifies a student for an Ed Choice scholarship if the student will be enrolling in school in Ohio for the first time (instead of "eligible to enroll in kindergarten," as in current law) and the school the student would otherwise attend is a school where students are eligible to receive scholarships. Students moving to Ohio from another state and students who were previously homeschooled, regardless of their grade level, will be eligible for scholarships under this provision.

If more Ed Choice scholarships are awarded as a result of these provisions, deductions from school districts may increase to fund the scholarships. Deduction amounts are a maximum of $4,250 per pupil for grades K-8 and $5,000 per pupil for grades 9-12. In addition, ODE will likely incur increased administrative costs for adopting rules and holding a second Ed Choice application period.

Notification procedures related to special education programs

The bill requires school districts to notify parents each time the district completes an evaluation for a child with a disability or undertakes the development, review, or revision of the child's individualized education program (IEP). The bill specifies that notices may be sent by letter or by electronic means, and must include a statement indicating that the child may be eligible for a scholarship through the Autism Scholarship Program or the Jon Peterson Special Needs Scholarship Program to attend a special education program operated by an alternative public provider or a registered private provider. School districts may incur minimal administrative costs for preparing and sending notices to the parents of children with disabilities who recently received evaluations or IEP reviews.

Educational Service Centers (ESCs)

Sponsorship of community schools serving gifted students

The bill requires ODE to issue a request for proposals (RFP) for the establishment of a start-up community school in each of the 16 regions of the Educational Regional Service System to serve primarily identified gifted students. ODE must choose an educational entity or a consortium to establish and operate each of the new schools. Subject to approval by the Superintendent of Public Instruction, the school may operate under an alternate funding formula or alternate method to transmit payment for students enrolled in the school, as long as neither results in a deduction from a student's resident school district that is greater than it would be under current law, a tuition charge for a student, or denial of admission to any identified gifted student in the state.

If no entity responds to the RFP or submits a proposal that meets the criteria, ODE must select an ESC to establish and operate the school for each region. In these cases, ODE's Office of Ohio School Sponsorship may serve as the school's sponsor. Contrary to existing law, each new community school may operate in multiple facilities in more than one school district and is not required to operate in a "challenged school district." Each school must be open to all identified gifted students residing in the state.

If the newly established community schools choose to operate under the current community schools funding formula, deductions of at least $5,704 will be taken from each student's resident school district to fund the community schools. The fiscal impact is unclear for those schools that opt to use alternate funding formulas. However, as the bill states, community schools would be prohibited from implementing a formula that resulted in school districts losing more than they would under the current formula.

In the case that no entity is selected to establish a start-up community school, the Office of Ohio School Sponsorship may incur increased costs for sponsoring the community school that is established and operated by the ESC in the region. As a sponsor, ODE may charge a fee of up to 3% of each school's operating revenue, which may offset the costs of sponsoring the school.

Supervisory services

The bill permits a school district with more than 16,000 students that enters into an agreement with an ESC for services for which the state provides per-pupil funding, to opt out of receiving (and paying for) supervisory services, beginning in FY 2013. Districts that receive supervisory services pay for those services through deductions from their state aid. If any districts opt out of supervisory services, they may experience a decrease in expenditures due to reduced deductions. Districts are required under current law to have one supervisory unit per the first 50 classroom teachers and one unit per every subsequent 100 classroom teachers. Supervisory units are calculated by summing each teacher's minimum base salary as defined by R.C. 3317.13, an amount equal to 15% of the base salary, and applicable travel allowances.

Billing for students in juvenile detention facilities

The bill permits an ESC providing services for a child in the custody of a county or district juvenile detention facility to directly bill the school district responsible for paying the cost of educating that child (generally the district where the child's parent resides), rather than first billing the district in which the facility is located. The bill specifically states that the district that pays the ESC for a child in the custody of a juvenile facility must include the child in its ADM.

Classroom facilities

Exceptional Needs Program

The Exceptional Needs Program (ENP), operated by the School Facilities Commission (SFC), is designed to assist school districts in addressing the health and safety needs associated with a specific building instead of addressing the entire classroom facilities needs of the district as under the Classroom Facilities Assistance Program (CFAP). Currently, school districts ranked up to the 75th percentile in wealth or with a territory larger than 300 square miles are eligible for participation in the program. The bill removes the wealth and land-size requirements for ENP participation, which would allow all school districts to participate in the program, should they choose to do so. This may increase the number of districts wanting to participate in the program; however, the bill continues to limit funding of ENP projects to 25% of SFC's annual capital appropriations.

Expedited Local Partnership Program

The Expedited Local Partnership Program (ELPP) permits a school district that is not yet eligible for CFAP to enter into an agreement with SFC that will allow the district to spend local resources to construct new classroom facilities or to make major renovations to the district's existing classroom facilities. The local resources spent by the district are then applied to the district's share of the basic project cost when it becomes eligible for assistance under CFAP.

The bill authorizes SFC to provide CFAP assistance, subject to certain requirements, to an ELPP district before it otherwise would become eligible. The bill specifies that an ELPP district can receive CFAP funding before most other school districts, except those districts that (1) have previously "lapsed" their funding offer, (2) were funded under former law (the "1990 districts"), (3) are receiving funds under ENP, or (4) are in the midst of their projects under the Accelerated Urban Initiative (Akron, Cincinnati, Columbus, Cleveland, Dayton, and Toledo). Under the bill, qualifying ELPP districts may receive CFAP funds much earlier than under current law. Conversely, other districts may have to wait longer to be offered funding by SFC.

Project segments

Current law requires that when a district completes its facilities projects in segments, instead of all at once: (1) each segment must consist of new construction or complete renovation of one or more entire buildings, and (2) the district's share of the

cost of each segment must be equal to at least 4% of the district's tax valuation. The bill requires the district's share to be at least 2%, instead of 4%, of the district's tax valuation. The lower percentage may make more districts eligible to segment their projects.

Workforce development programs

Employment services for individuals with developmental disabilities

Current law requires school districts to develop an individualized education program (IEP) for each child with a disability between the ages of three and 22 residing in the district. Current law also requires an IEP to include certain specified elements. One such element is a statement, beginning no later than the first IEP to be in effect when the child is 16 years old and updated annually thereafter, describing appropriate measurable postsecondary goals based upon age-appropriate transition assessments related to training, education, employment, and independent living skills and the transition services needed to assist the child in reaching those goals.

The bill requires this element to begin appearing in a child's IEP at age 14. Further, the bill removes employment goals based on age-appropriate transition assessments from the IEP element and instead, requires the IEP element to include appropriate measurable postsecondary goals based on age-appropriate transition assessments related to employment in competitive environments in which workers are integrated regardless of disability. This provision may increase the administrative costs of school districts in developing IEPs by requiring this element at an earlier age.

The bill requires the Ohio Department of Developmental Disabilities (ODODD) to coordinate the implementation, with other state agencies, of a stated policy that employment services are to be directed at placement of individuals with developmental disabilities in the community in positions in which they are integrated with other employees. In addition, the bill requires ODODD to compile data on implementation of the policy and annually submit a report to the Governor. Therefore, ODODD will incur additional administrative costs to coordinate implementation of the stated policy with other state agencies, to collect and analyze data, and to prepare and submit the annual report.

Unemployment insurance and workers' compensation coverage for "learn to earn" program participants

The bill defines a learn to earn program as any program established by the Ohio Department of Job and Family Services (ODJFS) that offers a structured, supervised training opportunity to an eligible unemployment compensation claimant with a designated worksite training provider. The bill makes participation in a program voluntary and allows a participant to receive unemployment compensation benefits while participating in the program. The bill requires a program participant to comply with ODJFS's registration requirements and permits participation for a period not to exceed 24 hours a week for a maximum of six weeks. There is no direct fiscal impact due to these provisions. The provisions establish parameters for a learn to earn

program, but do not require ODJFS to implement such a program. (According to ODJFS, such a program could be established through agency rules.) The provisions do not expand eligibility for unemployment benefits or adjust benefit levels.

Under the bill, an individual who suffers a compensable injury or occupational disease while participating in a learn to earn program is entitled to compensation and benefits under the workers' compensation law. The bill defines learn to earn program participants as employees of ODJFS for this purpose, and assigns the responsibility of providing workers' compensation coverage to ODJFS rather than the job training provider. As a result, the state will incur some new costs in the form of premiums and assessments paid by ODJFS to the Bureau of Workers' Compensation (BWC). The magnitude of the increase will depend upon the number of learn to earn program participants to be covered, payroll associated with these individuals, the appropriate BWC manual classification corresponding to the work being done and the associated risk, and claims experience.

State Workforce Development System

The bill transfers supervision of the state workforce development system from the Director of Job and Family Services to the State Workforce Policy Board and grants the Board the power and authority to supervise and administer state workforce development activities. ODJFS and the Board may incur additional administrative costs as part of transitioning the supervision and duties of the state workforce development system.

The bill allows the State Workforce Policy Board to assess fees for specialized services requested by an employer. As a result, the Board could experience a revenue gain.

The bill permits boards of county commissioners to provide workforce development activities electronically in a local area, instead of requiring that at least one physical location be available in a local area. Counties that choose to provide the activities electronically could experience a reduction in administrative costs.

The bill eliminates the requirement that at least one representative from a county department of job and family services (CDJFS) staff a one-stop system for workforce development. This provision could result in reduced staff costs for CDJFSs.

The bill requires that a local workforce development plan identify performance character traits that are necessary to obtain and succeed in projected employment opportunities with businesses in the local area. The bill specifies that such traits include respect, honesty, integrity, task-excellence, responsibility, and resilience. There may be negligible costs to local workforce boards to include traits in their workforce development plans.

The bill eliminates certain state law limits on the Governor's allocation of money received under the "Workforce Investment Act of 1998" (WIA) for adults, dislocated workers, and youth: that the Governor shall reserve not more than 15% of the amounts allocated to the state under the WIA for adults, dislocated workers, and youth for

statewide activities, and not more than 25% of funds allocated for dislocated workers for statewide rapid response activities. As these limits are established in federal law, this provision would appear to have no fiscal effect.

Early childhood care

Type B and limited type B family day care homes

The bill requires that, beginning on January 1, 2014, type B family day care homes and limited type B family day care homes (those providing care to certain relatives or only to children of the same parent) that seek to provide publicly funded child care must be licensed by the Director of Job and Family Services rather than certified by the CDJFS. The bill provides that a certified type B family day care home provider automatically will be issued a type B family day-care home license when the bill's transfer of licensing functions for type B homes from CDJFSs to ODJFS takes place on January 1, 2014. ODJFS must also adopt rules establishing a plan to facilitate the transition.

There may be an increase in administrative costs to either ODJFS or the CDJFSs, depending on who implements the new licensure program. The costs may be offset by an increase in license fee revenue. If ODJFS implements the new licensure program, CDJFSs will experience a decrease in administrative costs and a loss of any certification fee revenue they are collecting as they will no longer be required to certify type B and limited type B family day care homes. ODJFS will also incur minimal administrative costs to adopt rules.

In-home aides

The bill requires ODJFS to reimburse in-home aides – who are individuals that provide publicly funded child care in the child's home – at 75% of the reimbursement ceiling that applies to a type B family day care home. Currently, in-home aides are reimbursed under agency rules at an hourly rate at no less than the minimum wage rate ($7.70/hr.) and no more than $8.00/hr. Reimbursement rates for type B homes vary depending on county and the amount of time services are provided in a week: there are rates for full-time weeks (25 hours or more) and part-time weeks (7 to 25 hours) as well as hourly rates (paid up to 7 hours each week). The established rates for type B providers for a given number of hours are generally less than the current hourly rates for in-home aides. Therefore, this provision will result in a decrease in payments to in-home aides and a decrease in expenditures for publicly funded child care.

In FY 2011, the state expended $611.9 million on publicly funded child care for an average monthly caseload of 107,868. Payments for publicly funded child care are made from the federal Child Care and Development Grants (line item 600617, Child Care Federal), the federal Temporary Assistance to Needy Families Block Grant (line item 600689, TANF Block Grant), and from the GRF (line items 600413, Child Care Match/MOE, and 600535, Early Care and Education).

The bill requires the CDJFS where the home aide resides to request a background check from the Bureau of Criminal Identification and Investigation (BCII) of each home aide that provides publicly funded child care as part of the certification process. This provision codifies current practice under agency rule and therefore has no fiscal effect.

Tiered quality rating and improvement system for child day care centers and providers

The bill extends the tiered quality rating and improvement system (known as Step Up to Quality) to all child day care providers (rather than just child care centers) and requires that all publicly funded child care providers participate in the system by July 1, 2020. There will be additional costs for ODJFS to administer the participation of child care providers, instead of only child care centers, in the program. There could also be an increase in expenditures to pay additional providers of publicly funded child care enhanced rates for meeting Step Up to Quality ratings.

The bill also requires ODJFS to weigh any reductions in reimbursement ceilings more heavily against providers that do not participate in Step Up to Quality *only* if those providers have been given access to participate in Step Up to Quality by ODJFS. While this provision could alter reimbursement ceilings for certain providers, it would likely not affect the aggregate fiscal impact to the state when reimbursement ceilings are reduced for all providers.

Miscellaneous

Reporting data of children younger than compulsory age

ODE maintains the Education Management Information System (EMIS), which is an electronic database of district, school, personnel, and student information used by ODE to administer its programs. EMIS uses a data verification code, also called a statewide student identifier (SSID), to track information about individual students. Using an SSID, instead of the student's name for example, facilitates the collection of the data, while protecting the privacy of the individual student. Generally, an SSID is assigned to a student when the student initially enrolls in a public school in Ohio. The school district or community school where the student initially enrolls is responsible for requesting the SSID. The student then retains that SSID throughout the student's academic career.

Under continuing law, the Director of Health also is required to request an SSID for children younger than school age who are participating in the federal Help Me Grow Program. The bill requires the director of any state agency that administers programs for children who are younger than school age to obtain an SSID for children receiving those services. Additionally, these agencies are required to use the SSID to report data to ODE. These agencies may incur an increase in administrative costs for incorporating the SSID into existing systems and for reporting data to ODE. ODE may also incur an increase in administrative costs for incorporating the additional students into EMIS.

SEED school governance

The bill allows the appointing entity of the board of trustees of college preparatory boarding schools to remove a trustee they appoint at any time. The bill also requires members of the board of trustees to file a disclosure statement with the Ohio Ethics Commission. Any administrative costs incurred for filing board members' statements will likely be absorbed by the Commission.

STEM schools

The bill permits multiple STEM schools to operate under a single governing body. Specifically, the bill allows any STEM school that operates in this manner to employ a single treasurer and to employ a single chief administrative officer. As a result, these STEM schools may be able to reduce operating costs. The bill also requires ODE to issue a separate report card for each school that operates under the direction of a single governing body. This may minimally increase ODE's administrative costs. The bill makes several other changes regarding the governance of STEM schools; however, these provisions are not likely to have a fiscal impact on STEM schools or ODE.

BMI screening

S.B. 210 of the 128th General Assembly requires that school districts, brick and mortar community schools, STEM schools, and chartered nonpublic schools screen students enrolled in kindergarten, third, fifth, and ninth grades for body mass index (BMI) and weight status category (underweight, healthy weight, overweight, or obese) prior to the first day of May of each school year. Schools that determine they are unable to conduct the screening are able to submit an affidavit to ODE attesting to this fact. ODE is required to grant a waiver to the school upon receipt of an affidavit. During the 2010-2011 school year, ODE waived the requirement for approximately 284 school districts, 59 community schools, and 343 chartered nonpublic schools.

The bill retains most of the S.B. 210 provisions related to BMI screenings, except it makes the screenings optional. Schools and ODE may experience a minimal savings in administrative costs and time by not having to request or grant waivers.

Report on eye exams for students with disabilities

The bill requires ODE, by December 31, 2012, to issue a report on the compliance of school districts and community schools with the current law requirement to have students with disabilities undergo a comprehensive eye examination. The report is to include data from the 2010-2011 and 2011-2012 school years, including the total number of students enrolled in each district or school who were required to undergo an eye exam and the total number of those students that received the exam. ODE is required to provide copies of the report to the Governor and certain members of the General Assembly. ODE may incur administrative costs for collecting the data and issuing the report.

Gifted education coordinators

The bill repeals a provision enacted in H.B. 153 authorizing a school district principal or any other person employed by and assigned to a school district school to also serve as the school district's gifted education coordinator, if qualified to do so under the State Board of Education's rules. This provision may increase a school district's expenses associated with its gifted education coordinator.

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