



Ohio Legislative Service Commission

LSC Staff

Fiscal Note & Local Impact Statement

Bill: [S.B. 316 of the 129th G.A.](#)

Date: March 26, 2012

Status: As Introduced

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 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.
 - Requirement to adopt standards for the operation of blended learning programs and to provide information on the use of blended and digital learning in the delivery of the 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 performance indicators for community schools with dropout prevention and recovery programs.
 - Inclusion of additional children under school age into the Education Management Information System (EMIS).
- 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 new district and building performance rating system will likely result in fewer districts and community schools receiving the \$17 per pupil high performance subsidy, resulting in losses in state revenue to some individual districts of about \$5,000 to \$400,000 in FY 2013. Instead, these funds will be distributed to all school districts through the bridge formula.
- The bill's new district and building performance rating system may result in more students being eligible for Ed Choice scholarships. Generally, deductions of \$4,250 to \$5,000 per student are made to the student's resident district's state aid to fund the scholarships.
- The bill's new district and building performance rating system is part of an application for a waiver from some of the federal No Child Left Behind Act's requirements. Granting of the waiver will likely result in fewer districts and buildings being subject to potentially costly federal sanctions.
- 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 more students being retained an additional year in third grade. As a result, costs for school districts and community schools are likely to increase.
- The bill changes the criteria that determines which teachers must retake examinations of subject knowledge, likely resulting in an increase in some schools' spending on the examinations and a decrease in other schools' spending on the examinations.
- Under the bill, county departments of job and family services (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.

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

School district and building academic performance ratings

Overview

Current law prescribes five academic performance ratings for school districts, individual buildings within districts, community schools, and STEM schools based on independent attainment of four metrics: (1) the performance indicators prescribed by the State Board of Education, (2) the performance index score, (3) meeting "adequate yearly progress" as measured under federal law, and (4) value-added student growth. The ratings under current law are "excellent," "effective," "in need of continuous improvement," "academic watch," and "academic emergency." The Department of Education (ODE) also has added a rating of "excellent with distinction."

Beginning with the 2011-2012 school year, the bill replaces the current academic performance rating system with a system under which districts, buildings, and community schools are assigned letter grades of "A," "B," "C," "D," or "F" depending on how they are measured on a multi-point scale of values to be prescribed by ODE. The bill retains the current four metrics used to measure performance, but assigns a letter grade for a certain prescribed level of attainment on each of those metrics and then aggregates those grades and averages them for a total score and overall letter grade. The table below compares the number and percentage of school districts and community schools (referred to as local education agencies or "LEAs") falling into each rating designation. The percentage of school districts and community schools falling into the proposed ratings was derived from an ODE simulation of the new rating system using 2010-2011 school year data. As can be seen from the table, the new system results in significantly fewer LEAs receiving the highest rating and more LEAs receiving the lowest two ratings.

Comparison of Academic Performance Rating Systems, 2010-2011 School Year			
Current Rating	Actual Distribution of LEA Ratings	Proposed Overall Rating	Simulated Distribution of LEA Ratings
Excellent or Above	382 (42.3%)	A	22 (2.4%)
Effective	255 (28.2%)	B	406 (44.9%)
Continuous Improvement	133 (14.7%)	C	195 (21.6%)
Academic Watch	63 (7.0%)	D	182 (20.1%)
Academic Emergency	71 (7.9%)	F	99 (11.0%)

Federal waiver

The new rating system is being driven by a waiver request ODE submitted to the U.S. Department of Education to free Ohio from a number of federal requirements associated with the No Child Left Behind Act of 2001 (NCLB). In general, NCLB requires each state to establish a timeline for making adequate yearly progress (AYP) to ensure that all students meet or exceed the state's proficient level of academic achievement, as measured by statewide annual assessments, in reading and mathematics as well as benchmarks for attendance and graduation rates by the end of the 2013-2014 school year. NCLB requires states to establish annual measurable objectives (AMOs) and intermediate goals for all school districts and buildings to ensure that the overall goal of 100% proficiency is met by the 2013-2014 school year. The goals are applied to all students and a number of student subgroups. If AYP goals are not met by all students and all subgroups in all areas, AYP has not been met for the building or district. In Ohio, approximately 40% of school buildings (including community schools) and approximately 49% of traditional school districts did not meet AYP for the 2010-2011 school year. As the 2013-2014 requirement of 100% proficiency approaches, it is expected that the percentages of buildings and districts failing to meet AYP will increase substantially.

Schools that fail to meet AYP in consecutive years are subject to various school improvement (SI) actions mandated by the federal law. For example, such schools must create an improvement plan and, if receiving federal Title I funds (financial assistance to school districts and schools with high numbers or high percentages of children from low-income families), may be required to offer students Supplemental Educational Services (SES) and the option to enroll in another school in the district or a community school that is meeting AYP. Schools that are in SI status for three or more consecutive years are subject to more far-reaching corrective actions. After six consecutive years of failing to meet AYP, schools must implement restructuring plans. Failure to meet AYP also may trigger additional consequences in state law. Without a waiver from the 100% proficient requirement, many more schools in Ohio are expected to be subject to the various SI sanctions in the coming years. These sanctions impose restrictions in the use of federal Title I funds and other various costs on schools.

The U.S. Department of Education has offered each state the opportunity to apply for a waiver from ten specific NCLB requirements. As noted above, Ohio has applied for the waiver. If granted, the waiver would exempt ODE from setting AMOs to use in determining AYP. Instead, ODE may set AMOs in at least reading/language arts and mathematics for the state, school districts, schools, and student subgroups that are ambitious but achievable. In addition, the state and school districts would no longer be required to identify for improvement, corrective action, or restructuring, schools that fail to meet AYP for two or more consecutive years or comply with various related reporting requirements. The waiver, if granted, may reduce the costs and spending restrictions related to the SI sanctions discussed above for many schools.

In exchange for the waiver of the specific NCLB requirements, states must fully implement four principles identified by the U.S. Department of Education to increase the quality of instruction for students and improve student academic achievement. In general, the state must (1) demonstrate that it has college- and career-ready expectations for all students, (2) develop and implement a system of differentiated recognition, accountability, and support for all school districts and for all Title I schools in those districts, (3) commit to teacher and principal evaluation and support systems, and (4) assure that it will evaluate and, based on that evaluation, revise its own administrative requirements to reduce duplication and unnecessary burden on school districts and schools. Within its waiver application, ODE has, among other proposals, committed to modify AYP with the goal of reducing by half over six years the performance gaps in reading and mathematics and graduation rates among socio-economic groups, embrace higher learning standards, and use the revised letter grade system proposed in the bill.

Fiscal effects

Aside from the benefits provided by the federal waiver already discussed, the effects from the more rigorous grading formula in state law are wide ranging. This is so because current law relies on school district and school building rating designations to prescribe various sanctions for low-performing districts and schools and various privileges for high-performing districts and schools. In general, since many school districts are likely to lose one or more rating levels, at least in the short term, fewer districts are likely to meet the criteria for the privileges afforded under current law while more school districts could be subject to various sanctions for low performance. In some circumstances, these outcomes may lead to lower revenues or increased costs for the school district. ODE may also experience increased costs as a result of some provisions. Those of particular fiscal significance are discussed in more detail below.

High performance subsidy. Far fewer school districts and community schools are likely to qualify for the \$17 per pupil high performance subsidy in FY 2013 than would otherwise be the case under the current rating system. Currently, school districts and community schools rated as "excellent" or "excellent with distinction" in the prior school year qualify. Under the bill, school districts and community schools receiving an "A" rating on the report card for the 2011-2012 school year would qualify for the subsidy in FY 2013. Under ODE's simulation, 22 traditional school districts and community schools receive an "A" rating based on 2010-2011 school year data. If these schools districts and schools maintain their rating for the current 2011-2012 school year, they would qualify for the subsidy in FY 2013. Based on projected enrollment in those school districts and schools, a total of about \$960,000 would be distributed to them pursuant to the subsidy in FY 2013. This stands in contrast to the approximately \$16 million that will be received by the 352 traditional school districts qualifying for the subsidy in FY 2012. The loss of funding to any individual school district from this source could range anywhere from \$5,000 to about \$400,000. The decrease in the high

performance subsidy will be distributed to all school districts through the bridge formula enacted in Am. Sub. H.B. 153 of the 129th General Assembly, resulting in relatively small increases for most districts.

Academic distress commissions. On the other end of the spectrum, some additional academic distress commissions may be created, depending on how the districts fare on the overall rating and AYP measure for the 2011-2012 school year and onward. An academic distress commission is created when a district is rated as "academic emergency" (changed to an "F" under the bill) and has failed to meet AYP in four or more consecutive years. The commission is charged with improving academic performance in the school district, primarily through the adoption and implementation of an academic recovery plan (ARP). While no traditional school district is currently rated as in "academic emergency," there is one active academic distress commission in Ohio, for the Youngstown City School District (CSD). Under ODE's simulations of 2010-2011 school year data, two traditional school districts are assigned letter grades of "F." On the other hand, if approved, Ohio's NCLB waiver would set AYP goals that are more readily achievable than the current standards, which could, to some degree, offset the effect of the more rigorous grading criteria in this area of the law.

If the bill leads to the creation of one or more academic distress commissions, new costs could be created for both the applicable school district and the state. Based on Youngstown CSD's experience, there may be some potentially significant costs created for a school district to develop and implement an ARP. For instance, contractors may be needed to assist in the development of priorities and strategies for improvement as well as to implement and monitor compliance with the ARP. The plan may also call for actions that create new costs, such as lowering student-to-teacher ratios and the provision of additional professional development services to educators and administrators. In terms of state responsibilities, ODE is charged with providing administrative support to any such commission. A commission ceases to exist when the applicable district receives a rating of in need of continuous improvement (changed to a "C" under the bill) or better for two of the three prior school years. The Superintendent of Public Instruction may dissolve a commission earlier if the Superintendent determines that the district can perform adequately without the supervision of the commission.

Ed Choice Scholarship eligibility. Under the revised rating system, more students may be eligible for the Educational Choice Scholarship Pilot Program (Ed Choice), which provides students assigned to certain low-performing schools with state-funded scholarships to nonpublic schools. The program is funded by deductions from school districts that are then transferred to the educating school. In FY 2012 and FY 2013, the per pupil deduction amount is the lesser of the cost of tuition at the educating school and a maximum amount of \$4,250 for students in kindergarten through eighth grade or \$5,000 for students in ninth through twelfth grade. In FY 2011, the deduction for each student was \$5,200. In that year, 12,988 students from 37 school

districts participated in Ed Choice, resulting in approximately \$67.5 million in deductions from school districts to fund the program.

Under continuing law, students are eligible for Ed Choice if their resident district is declared to be in academic watch or academic emergency in two of the three most recent report card ratings. The bill expands qualifying districts to include districts that received a "D" or "F" under the new rating system. Students are also eligible for Ed Choice if their school has been ranked in the lowest 10% in the district, based on performance index score, in two of the three most recent ratings. Students who are assigned to districts that were ranked excellent or effective ("A" or "B") in the most recent report card rating are not eligible for Ed Choice.

As described previously, the revised rating system generally makes it more difficult for school districts to receive high performance rankings. For instance, in the 2010-2011 school year, six public school districts received an "academic watch" rating, and no districts received an "academic emergency" rating. Under the revised system simulations, 59 districts received a "D" and two districts received an "F." Since more districts are considered to be low-performing under the revised rating system, it is likely that more students will be eligible for and receive Ed Choice scholarships. If more students participate in the program, deductions from qualifying school districts will increase, resulting in a decrease in revenue for those districts. Those districts may also experience a decrease in expenditures due to educating fewer students. Under continuing law, beginning in FY 2013, no more than 60,000 scholarships may be awarded each year.

Community schools. The revisions to the rating system may create the opportunity for more community schools to be opened. Alternatively, more community schools may be closed. Additional start-up community schools may be opened since there may be more "challenged school districts" in the state. Among other criteria, a challenged school district includes any school district that is rated in "academic watch" or "academic emergency." Because more schools could be rated "D" or "F" under the new system than are rated in "academic watch" or "academic emergency" currently, the option to open a start-up community school may be available to more communities. Yet, community schools rated in "academic emergency" for two of the three most recent school years must permanently close. Some community schools that would be rated above "academic emergency" under the current system are rated "F" under ODE's simulations of the new system, creating the possibility of additional closures.

If a student leaves a traditional school district to attend a community school, the district's revenues and expenditures may both be affected. Under the current state funding formula, the student will continue to be counted in the average daily membership (ADM) of the district for funding purposes. Funding for the student, however, will be deducted from the district's calculated state funding allocation and will "follow" the student to the community school. Since the district will no longer be

responsible for educating the student, its expenditures may also decrease. Conversely, if a student were to leave a community school that is being closed to attend a school in the student's resident school district, the funding for the student would no longer be deducted. Since the district would be responsible for educating the student, its expenditures may increase.

Third grade reading guarantee

Under current law, a school district or community school must retain in the third grade a student who scores in the "limited" range on the third grade English language arts 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 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 English language arts achievement assessment. These provisions are referred to as the "third grade reading guarantee."

The bill makes a number of revisions to the third grade reading guarantee beginning with the 2012-2013 school year. In general, the bill (1) raises the threshold triggering the guarantee from students with "limited" scores to those that do not achieve a "proficient" (or passing) score (the "limited" score, which currently triggers the guarantee, is the lowest of five scoring ranges and two levels below "proficient"), (2) prohibits the promotion of a student who has been on a reading improvement and monitoring plan for two or more years, and (3) requires school districts to provide an increased level of assistance for students in grades kindergarten through three reading below grade level, including the development of the aforementioned reading improvement and monitoring plans and remediation in additional circumstances. The bill also requires 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 October 31 of each school year to identify students reading below grade level. Generally, under current law, school districts and community schools must administer diagnostic assessments for grades kindergarten through two to all students; whereas the third grade English language arts diagnostic assessment must only be administered to students enrolled in a school that has failed to make AYP for two or more consecutive years.

These provisions 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. State law requires diagnostic assessments to be provided to school districts at no cost. Requiring diagnostic assessments in additional circumstances then may increase ODE's costs in printing and distributing the assessments.

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 and any office of the Governor that deals with workforce development, to develop a report card for JVSDs 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 JVSDs.

Academic standards and model curricula

Under current law, the State Board of Education is tasked with adopting statewide academic standards for grades kindergarten through twelve 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 costs to develop the appropriate curriculum.

Blended learning

The bill permits any school district, community school, STEM school, or college-preparatory boarding school to operate all or part of a school using a blended learning model. "Blended learning" combines time in a supervised physical location away from

home and online delivery whereby the student has some control over the time, place, path, or pace of learning. 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 adopt standards for the operation of blended learning programs provided by school districts, community schools, STEM schools, and college-preparatory boarding schools. The standards must contain certain specified elements. 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. These provisions may increase ODE's administrative costs to adopt the standards and provide the information required by the bill.

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) delaying the due date ODE must present the standards to the State Board of Education from January 1, 2012, to January 1, 2013, (2) delaying the due date the State Board must adopt a final set of standards from July 1, 2012 to July 1, 2013, and (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. 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

The bill revises the requirement for teachers of core subject areas to retake exams to prove their knowledge by making the requirement applicable to teachers employed by school districts when the teacher has been rated "ineffective" on evaluations for two of the three most recent years, rather than when the teacher's building is ranked by performance index score in the lowest 10% of all public schools. Since the school districts are responsible for the cost of the testing, the provision could result in an increase or decrease in expenditures for the school district. The actual change in expenditures depends on the number of teachers affected by the change in the law.

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 each school district, community school, and STEM school conducting evaluations to report the name and evaluation rating (accomplished, proficient, developing, and ineffective) of each teacher it employs to ODE for purposes of a report to be prepared by the Chancellor of the Board of Regents. The Chancellor is required to assemble an annual 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.

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

Dropout prevention and recovery

The bill requires the State Board of Education to adopt performance indicators for community schools with dropout prevention and recovery programs by March 31, 2013, and to include those schools in state report cards. These duties may increase ODE's administrative costs. In addition, community schools that operate dropout prevention and recovery programs may be subject to permanent closure due to poor academic performance. (Under current law, schools operating these programs are exempt.) For each student who attends a community school, at least \$5,704 is transferred from the resident district to the community school. If community schools are forced to close under the law, this may result in fewer deductions taken from school districts to fund community schools.

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 permits school districts, when offering property, to also make that offer to community schools, groups, or individuals outside of the district that are proposing to relocate or establish a community school in the district. 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 revenue they would have received by only offering the property to community schools within the district. In addition, since the provision allows districts to offer the property to groups or individuals who intend to establish new community schools, there may be a minimal increase in the number of community schools formed. If more community schools are established as a result of the provision, there may be an increase in deductions taken from school districts.

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).

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.

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 and now have new approval, (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, since the bill requires that a qualifying ELPP district have priority over those districts immediately eligible for CFAP assistance, 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 prescribes the circumstances in which individuals who are injured or contract an occupational disease as a result of participating in an Ohio Department of Job and Family Services (ODJFS) "Learn to Earn" job training program will receive unemployment insurance or workers' compensation benefits. Concerning unemployment insurance coverage, the bill provides that a Learn to Earn program participant who suffers an injury or contracts an occupational disease that produces a disability, and who remains otherwise eligible for unemployment compensation benefits, will continue to receive those benefits. Thus, there is no apparent effect on the Ohio Unemployment Compensation Trust Fund as a result of this provision.

The state will, however, incur some new costs for providing workers' compensation insurance coverage as required under the provision. Because Learn to Earn participants are defined as employees of ODJFS for purposes of workers' compensation insurance, ODJFS (not the Learn to Earn job training provider) will be responsible for paying the additional premiums and assessments to the Bureau of Workers' Compensation (BWC) for this coverage. The magnitude of the increase will depend upon the number of Learn to Earn 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.

Two other aspects of the provision will also affect the cost that ODJFS incurs for providing workers' compensation coverage to Learn to Earn participants. First, as an alternative to including Learn to Earn participants under ODJFS's existing workers' compensation policy, the provision allows ODJFS to cover them under a separate policy authorized by BWC. Secondly, the provision allows ODJFS to enter into an indemnity contract that covers against workers' compensation losses associated with Learn to Earn participants. Whether or not ODJFS pursues these options will thus have a bearing on the new costs ODJFS will incur as a result of providing workers' compensation coverage to Learn to Earn participants.

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 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 Workforce Investment Act 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. However, these limits continue in federal law. Therefore, 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. Under the bill, ODJFS will incur increased administrative costs to implement the new licensure program, but may also experience a gain in license fee revenue to offset the costs. In addition, 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.

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 should 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. As a result, the Attorney General's BCII, which performs state-only background checks, could experience an increase in administrative expenses. However, the fee would likely cover any expenses. The base fee of the state-only checks is \$22. The \$22 state-only background check fee is deposited into the General Reimbursement Fund (Fund 1060). Authorized providers of background checks may include local county sheriffs' offices or certain approved deputy registrars contracting with the Ohio Bureau of Motor Vehicles. As a result, some of these entities may realize an increase in administrative expenses and a subsequent gain in revenue as a result of the bill.

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.

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.

SB0316IN / lb