Ohio Legislative Service Commission

LSC Staff

Fiscal Note & Local Impact Statement

Bill: Sub. S.B. 316 of the 129th G.A. **Date**: May 8, 2012

Status: As Reported by Senate 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

- The bill appropriates $13 million in FY 2013 in excess lottery profits from the Lottery Profits Education Reserve Fund (Fund 7018) for competitive grants to school districts and community schools to support reading intervention efforts that assist students in meeting the third grade reading guarantee.
- 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.
  - 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 reading readiness.
  - 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 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.
  - Requirement of the Office of Ohio School Sponsorship to adopt application and ratings procedures for the direct authorization of community schools.
  - 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.

- Requirement to make legislative recommendations for measures that may be used to rank the performance of community school sponsors to determine if they may sponsor additional schools.
- Changes to laws regarding community school data to be included on district report cards.
- Requirement to make available on its web site a copy of every community school contract filed with the Superintendent of Public Instruction.
- Requirement to adopt rules establishing procedures for awarding Ed Choice scholarships to eligible students who are already attending a nonpublic school when it receives its charter 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).
- Creation of a task force to make legislative recommendations for a new rating and report card system for the 2012-2013 school year.

- 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 provides $13 million in FY 2013 for competitive grants to school districts and community schools to support reading intervention efforts that assist students in meeting the third grade reading guarantee.
- The bill creates a task force to provide legislative recommendations for a new district and building performance rating system. A new rating system is one of the reforms included in an ODE 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. As a result, costs for school districts and community schools are likely to increase.
- The bill repeals the current law requirement that certain teachers must retake examinations of subject knowledge. This repeal will save districts any costs related to the testing.
- 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

School district and building academic performance ratings

Task force to make recommendations for new rating system

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."

The bill establishes a task force to make legislative recommendations, by October 1, 2012, for a new rating and report card system that will debut for the 2012-2013 school year and assign a letter grade of "A," "B," "C," "D," or "F" according to each district or school's overall performance, based on a variety of metrics. The task force is to be chaired by the Governor's Director of 21st Century Education and is also to include the Superintendent of Public Instruction, the President of the State Board of Education, and four legislative members. The task force is required to consult with one or more nonprofit organizations that have been responsible for a similar letter grade rating system for schools implemented in other states. The bill also requires ODE, by January 31, 2013, to estimate the rating each district or school would have been assigned for the 2011-2012 school year under the task force's recommended letter grade rating system if that system were in effect for that school year. As a result of the bill, ODE may incur some additional administrative costs to support the work of the task force.

Federal waiver

A revised rating and report card system is one of the reforms included in a waiver request ODE submitted to the U.S. Department of Education in February 2012 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 are proficient in reading and mathematics by the end of the 2013-2014 school year. AYP 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. 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.

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" (lowest) 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 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." Overall, approximately 7.3% of students taking the third grade reading achievement assessment scored in the "limited" range during the 2010-2011 school year, down from the 10.5% average over the previous four school years.

While the bill retains the "limited" score threshold that, in general, prohibits promotion to the fourth grade, the bill 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. These provisions are discussed in more detail below.

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.

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 would require, 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 would 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. Beginning with the 2013-2014 school year, certain students would be exempt from the guarantee. Such students include certain limited English proficient students, certain special education students, students that demonstrate satisfactory reading ability through alternative means, and students that, though they have received intensive remediation in reading for at least two years and still remain deficient in reading, continue to receive intensive reading instruction in the fourth grade.

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. 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. Although 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.

The bill provides $13 million in FY 2013 from excess lottery profits to school districts and community schools to support reading intervention efforts that assist students in meeting the third grade reading guarantee. The funding will be distributed through a competitive grant program that the Superintendent of Public Instruction will establish and oversee, subject to certain criteria. For instance, applicants must include in their grant application a reading program plan identifying how the grant award will be used. The Superintendent is to give priority to plans that utilize public-private partnerships or involve collaboration with educational service centers, other school districts, or other local entities. The Superintendent is also to consider an applicant's

past performance on the third grade reading achievement assessment and, in considering this factor, the existing resources available to the applicant for reading improvement initiatives, including the amount of federal Title I funding regularly received.

The bill also requires the Superintendent and the Director of the Governor's Office of 21st Century Education to issue a report and develop legislative recommendations in regard to the third grade reading guarantee and reading readiness. 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 these two individuals to jointly develop legislative recommendations, in consultation with certain stakeholders, regarding the state's policies on reading readiness for individuals from birth through third grade. The recommendations are to be submitted no later than March 31, 2013. These provisions may result in some additional administrative costs for ODE.

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 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 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 requires that when a teacher employed by a school district, community school, or STEM school that receives federal Race to the Top funds is rated "ineffective" on an evaluation for the first time, the employer must develop a professional improvement plan for the teacher. This could result in an increase in administrative expenditures for the school district. If the teacher is rated "ineffective" on the next evaluation after development of the plan, the teacher is required to complete at least

12 hours of professional development at the teacher's expense. In addition to the professional development, the teacher's employer is permitted, at its own expense, to require the teacher to take one or more exams of content knowledge selected by the Department of Education. This provision could result in an increase in expenditures for a school district that chooses to require such exams.

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 each school district, community school, and STEM school conducting evaluations to report the number of teachers receiving each evaluation rating (accomplished, proficient, developing, and ineffective), 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

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 once the performance indicators are adopted. 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 college-preparatory boarding schools and 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.

The bill also requires the Office of Ohio School Sponsorship to adopt application and ratings procedures, including application format, deadlines, and contract parameters, for direct authorization of community schools to be used in the 2012-2013 school year and thereafter. ODE may incur minimal administrative costs for adopting the authorization procedures.

Community school sponsors

Sponsorship of additional schools

Under the bill, a community school sponsor is prohibited from sponsoring either additional start-up or conversion community schools if the sponsor received a rating of "academic watch" or "academic emergency" for that type of school on the sponsor's report card. Current law, unchanged by the bill, also prohibits community school sponsors from sponsoring schools if they rank in the lowest 20% of sponsors based on composite performance index scores. Community schools that have been in operation for less than two full school years do not count in the annual rankings of community school sponsors under the bill. The number of community school sponsors that are eligible to sponsor additional schools may change under the new requirements. However, it is unclear whether the number of additional community schools sponsored will also change.

The bill requires ODE to make legislative recommendations to the Governor and General Assembly by December 31, 2012, for a battery of measures that may be used to rank the performance of community school sponsors to determine if they may sponsor additional schools. ODE may incur administrative costs for developing and reporting on these measures.

Report cards

Under the bill, several laws are modified regarding the data included on district report cards. First, the bill requires ODE to combine the student performance data from all community schools sponsored by a district on a district's report card (instead of only conversion community schools as under current law). In addition, the bill requires the data of conversion schools operating dropout recovery and prevention programs to be included in the report cards. (Current law makes an exception for these schools.) Finally, the bill requires ODE to include the students attending community schools sponsored by a school district in the district's enrollment count on the district's report card. These requirements may impose minimal administrative costs on ODE.

ESC sponsorship

The bill allows the governing board of an ESC to sponsor a start-up community school, regardless of geographic location of the proposed school. (Under current law, ESCs may only sponsor a start-up community school that is located in a county within or contiguous to the ESC's territory.) This provision may lead to a small increase in the

number of community schools sponsored by ESCs. To cover administrative costs, existing law permits sponsors to charge a sponsorship fee to each of their community schools of up to 3% of each school's operating revenue.

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.

Contracts

The bill requires ODE to make available on its web site a copy of every community school contract filed with the Superintendent of Public Instruction. ODE may incur minimal administrative costs for posting these documents to its web site.

Community School Mandate Review Panel

The bill creates the Community School Mandate Review Panel consisting of seven community school experts jointly appointed by the Superintendent of Public Instruction, the Director of the Governor's Office of 21st Century Education, and the Auditor of State. The bill requires the panel to review all Revised Code and Administrative Code sections related to community schools to determine how to reduce unnecessary reporting and compliance requirements for community schools. The panel must report its findings and legislative recommendations one year after the bill's effective date to ODE, the Governor, and the General Assembly. The panel will cease to exist at that time. The bill does not specify that panel members are compensated for their time or reimbursed for mileage, etc. Thus, it is likely that the panel's creation will not impose any costs on the state.

Retroactive 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.

This provision is likely to result in increased administrative costs for ODE due to adopting rules and holding a second Ed Choice application period. In addition, if more Ed Choice scholarships are awarded, 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.

Autism Scholarship Program

The bill requires school districts to notify parents each time that 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 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.

ESC billing

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 average daily membership, which is the enrollment measure that the state uses for funding purposes.

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.

OhioLearns Gateway

Under current law, public school students taking advanced placement or postsecondary courses through the OhioLearns Gateway may receive a fee waiver, if sufficient funds remain available in GRF appropriation item 935409, Technology Operations. The bill expands eligibility for OhioLearns Gateway fee waivers to students of chartered nonpublic schools. The appropriation for this line item is unchanged under the bill, and state and local governments will not experience any additional costs as a result of the provision.

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 the Ohio Department of Education (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 cards to student's parent

The bill requires each public school to provide to parents of students enrolling in the school, during the admissions process, a copy of the school's most recent report card. A public school may incur minimal costs for providing the report card to parents of students enrolling in the school.

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. 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.

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