



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** [Sub. H.B. 193 of the 130th G.A.](#)  
(LSC 130 1183-2)

**Date:** November 13, 2013

**Status:** In House Education

**Sponsor:** Rep. Brenner

**Local Impact Statement Procedure Required:** No

**Contents:** Academic achievement assessments and high school graduation requirements

### State Fiscal Highlights

- The bill sets the replacement of the Ohio Graduation Tests (OGTs) with the College and Work Ready Assessment System beginning with students entering ninth grade on or after July 1, 2014. These changes are expected to result in cost avoidance totaling about \$50 million through FY 2019, most of which benefits the GRF. The vast majority of avoided costs occur in FY 2016 and FY 2017, as the state will no longer be required to provide the OGTs to tenth grade students in those years.
- The bill also specifies that there be only five end-of-course exams, instead of the ten previously selected under current law. Reducing the number of exams may further reduce the cost of the high school testing program, though there are some uncertainties associated with the testing regime under the bill that make any such savings difficult to estimate.
- The bill provides multiple assessment options to qualify for a diploma beginning with the class of 2018. This may allow more students to graduate on time in future years, which may slightly affect statewide average daily membership (ADM) and thus, state aid.

### Local Fiscal Highlights

- As noted above, the bill provides multiple assessment options to qualify for a high school diploma beginning with the class of 2018. This may allow more students to graduate on time, which may slightly affect school district ADM and thus, the state aid received by school districts. School districts may also realize a reduction in expenditures that may have been necessary to educate students that otherwise would not have graduated on time.
- Due to the reduction in end-of-course exams, school districts may benefit from reduced opportunity costs associated with test preparation and administration. Fewer tests may allow more time for instruction.

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## Detailed Fiscal Analysis

### Overview

The bill makes a number of changes with respect to the state's academic achievement assessments and high school graduation requirements. Most notably, the bill requires students entering the ninth grade in the 2014-2015 school year to take the assessments included in the College and Work Ready Assessment System that is replacing the current high school assessments, specifies five end-of-course exams for the College and Work Ready Assessment System, establishes multiple criteria by which students can meet the testing requirements associated with obtaining a high school diploma, and, as part of the revised graduation requirements, requires school districts to administer a nationally recognized job skills assessment to students who opt to take the test. The bill makes several other changes, which likely have minimal, if any, fiscal effects. The bill's major provisions are discussed in more detail below.

### Achievement assessments and high school graduation requirements

#### Current requirements

Under current law, Ohio students must meet both curriculum and testing requirements in order to successfully earn a high school diploma. To meet the testing requirements, students must attain a passing score on achievement assessments in reading, writing, mathematics, science, and social studies skills expected at the end of the tenth grade. These five tests are commonly referred to as the Ohio Graduation Tests (OGTs). As a result of H.B. 1 of the 128th General Assembly, the OGTs are scheduled to be phased out in favor of the College and Work Ready Assessment System, which is comprised of end-of-course exams in science, mathematics, English language arts, American history, and American government and a nationally standardized assessment, the PSAT, measuring college readiness in the tenth grade.

#### Current implementation plan

Current law does not specify a date by which the OGTs will be eliminated and the new system is to begin. Rather, the timeline and plan for implementation of the College and Work Ready Assessment System and the revised graduation requirements are determined according to rules that the State Board of Education must adopt. However, current law also stipulates that the rule-making process cannot begin until after the new assessment system has been fully developed and that the rules do not become effective until one year after they are filed in final form. Because of these provisions, the Ohio Department of Education (ODE) indicates that the new graduation requirements will begin to apply to students entering the ninth grade in the 2016-2017 school year. Students entering the ninth grade in the previous school year, 2015-2016, must take the OGTs in their sophomore year, meaning that the OGTs will continue to be administered en masse until the 2016-2017 school year. Beginning in the 2014-2015

school year, the OGTs would consist of modified test items aligned to new academic content standards adopted by the State Board in June 2010. Ohio's federal Elementary and Secondary Education Act (ESEA) waiver requires ODE to administer high-quality assessments in grades three through eight and in high school that are aligned to the state's college and career-ready academic content standards no later than the 2014-2015 school year. This creates a scenario in which both the end-of-course exams under the new assessment system and the modified OGTs will both be administered for three school years: 2014-2015, 2015-2016, and 2016-2017. It costs the state about \$25 million per year to furnish, score, and provide score reports for the OGTs. These costs are supported mostly by the GRF but also by some federal funds. Under current law, the state would incur these costs for the next three school years in addition to those necessary to administer the new assessments.

Under the current plan, the Superintendent of Public Instruction and the Chancellor of the Ohio Board of Regents have jointly selected a series of ten end-of-course exams for the College and Work Ready Assessment System. The Partnership for the Assessment of Readiness in College and Careers (PARCC), a consortium of states developing assessments aligned to the Common Core State Standards in English language arts and mathematics, is developing the six end-of-course exams in those subjects while the state is developing the four end-of-course exams in science and social studies. ODE is currently in the process of selecting a vendor for the four state-developed end-of-course exams. ODE expects the annual cost for ten end-of-course exams to be about \$25 million to \$28 million once the end-of-course exams are fully phased in. These costs will not fully accrue until FY 2018 when all ten of the end-of-course exams will be administered. In general, students will take three end-of-course exams per year until their senior year when they will only need to take one exam.

### **Changes made by the bill**

#### **OGT phase-out**

The bill eliminates the requirement that the rules be adopted after the new assessment system has been developed and the one-year delay to the effective date of those rules and specifies that the College and Work Ready Assessment System will replace the OGTs as one determinant for a diploma beginning with students who enter the ninth grade in the 2014-2015 school year. Students who entered the ninth grade prior to that school year must pass the OGTs in order to graduate. As a result, the OGTs must be offered in the 2014-2015 school year to all tenth grade students and in the following two school years for those who fail to pass the tests.<sup>1</sup> This creates the

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<sup>1</sup> The bill includes a provision that prohibits the OGTs and associated practice assessments from being administered en masse after July 1, 2014. This date, an unintended drafting error, prevents tenth grade students in the 2014-2015 school year from taking the OGTs needed to graduate and, if implemented, would reduce the \$25 million or so cost to administer the OGTs that year to about \$2 million. However, it is uncertain how these students would qualify for a diploma.

possibility that the 2014-2015 school year will be the only year in which double-testing could possibly take place on a large scale. ODE estimates that providing the OGTs to students that failed to pass the tests as sophomores will cost about \$2 million per year. Thus, compared to the current plan if no legislative changes are enacted, the bill's phase-out of the OGT will likely result in cost avoidance of around \$23 million each year in FY 2016 and FY 2017. The state will also avoid around \$2 million per year in costs in FY 2018 and FY 2019 that would have been necessary to provide the OGTs to students that were not able to pass one or more of the tests in their sophomore year. The GRF will benefit most from the cost avoidance.

### **End-of-course exams**

In addition to specifying when the OGTs will no longer be administered, the bill specifies that there be only five end-of-course exams, instead of the ten selected by the Superintendent and the Chancellor. The bill also permits a school district or school to administer State Board-approved equivalent exams in lieu of any of the prescribed end-of-course exams. These equivalent exams must include nationally recognized exams, such as advanced placement exams, SAT subject tests, international baccalaureate exams, ACT end-of-course exams, and so on. Under current law, such assessments could function as the end-of-course exams rather than as equivalent exams under the bill. ODE's plan under current law is to require districts that choose to use substitute assessments to incur the cost. The bill does not address who will pay the costs to furnish, score, and report results for the equivalent assessments.

Reducing the number of exams may reduce the cost of the high school testing program even further. However, the amount of any savings is difficult to determine because of the uncertainty associated with whether or not the state will pay the costs for the equivalent exams and how many students will take the state-prescribed exams versus the equivalent exams. In general, as the number of students taking each exam decreases, the state's cost per test will increase. Another factor to consider is that a reduction from ten exams to five exams will affect how the costs for the end-of-course exams are phased in. Under the ten-exam scenario, the cost of exams would increase at a fairly even rate, as three exams would be implemented each year except the last year of the phase-in, in which only one new exam is added to the testing program. In a five-exam scenario, the costs are likely to be back-loaded, with most exams taken in a student's junior year.

Finally, reducing the number of end-of-course exams may also affect school districts, which are responsible for administering the end-of-course exams. School districts may benefit from reduced opportunity costs, as fewer tests may allow more time for instruction.

## **Graduation requirements**

As noted above, current law generally requires a high school student to obtain passing scores on prescribed assessments, whether they be the OGTs or, once implemented, the College and Work Ready Assessment System, in order to receive a high school diploma. In addition to the applicable curriculum requirements (which the bill does not change), the bill enables students entering the ninth grade in the 2014-2015 school year (the class of 2018) and thereafter to qualify for a high school diploma by meeting one of the following conditions: (1) be remediation-free on nationally standardized assessments in English, reading, and mathematics,<sup>2</sup> (2) be remediation-free on the end-of-course exams in English and mathematics, (3) attain a cumulative passing score on the five end-of-course exams, or (4) attain a score that demonstrates workforce readiness and employability on the job skills assessment and obtain either an industry credential or a professional license. Accordingly, the bill eliminates the alternative pathway to graduation for students that were able to pass all but one of the OGTs and met certain other requirements.

The bill also phases in new graduation testing requirements for a student enrolled in a dropout prevention and recovery program (DPRP) operated by either a traditional school district or a community school that primarily serves students enrolled in such programs. When fully phased in, beginning in the 2015-2016 school year, such a student may (1) satisfy any one of the four conditions described above for students in traditional programs, (2) attain a minimum passing score on new, State Board-designated assessments in mathematics, science, social studies, and English language arts that evaluate a student's demonstration of general knowledge in a specific content area, or (3) attain a score that demonstrates workforce readiness and employability on the job skills assessment (no industry credential or professional license is required for this option). The bill modifies the report cards for DPRP schools to reflect the elimination of the OGT and these new assessment options.

The revised graduation requirements may have several fiscal effects. Providing additional testing options to qualify for a diploma may result in more students who are able to graduate on time, or sooner in the case of students in DPRPs, which may slightly affect statewide average daily membership (ADM) and thus, state aid. School districts may also realize a reduction in expenditures that may have been necessary to educate students that otherwise would not have graduated on time or less quickly. The multiple criteria to qualify for a diploma may improve the performance of districts and schools on the graduation rate and other applicable components of the local report cards. Improved report card performance may affect the number of districts and schools subject to various sanctions and privileges that are tied to performance ratings. For example, improved performance on the graduation rate and assessment passage rate

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<sup>2</sup> To be considered remediation-free, a student must score at or above certain subscore thresholds in English, reading, and mathematics on one of several assessments, such as the ACT, SAT, Accuplacer, or COMPASS.

components of the DPRP school report card creates the potential for fewer school closures once DPRP schools are subject to closure after the 2015-2016 school year. Note that, though the bill incorporates the general knowledge assessments described above into the state's testing program for DPRPs, the bill does not address who will pay the costs to furnish, score, and report results for those assessments.

### **Job skills assessment**

Beginning in the 2014-2015 school year, the bill requires school districts to administer a State Board-selected, nationally recognized job skills assessment to students who opt to take it. The assessment will be used to demonstrate a student's workforce readiness and employability. Taking this assessment does not exempt students from the end-of-course exams or the nationally standardized college readiness assessment. One option for the State Board will be the WorkKeys assessments developed by ACT, Inc. According to ACT, Inc. the WorkKeys assessments are currently offered as part of five states' statewide testing programs: Alaska, Illinois, Michigan, North Dakota, and Wyoming. Other states, such as Kentucky, may offer the WorkKeys assessments to certain students, such as those in career-technical education programs. While the bill prohibits school districts from charging students to take the job skills assessment, it does not address who will pay the costs to furnish, score, and report results for it. Nevertheless, the overall cost will depend on how many students opt to take the assessments and the terms of the contract negotiated with the assessment vendor.

### **Elementary social studies assessments**

The bill prohibits ODE from furnishing and school districts from administering the elementary social studies achievement assessments in the fourth and sixth grades unless the Superintendent determines, no later than August 1 of each school year, that ODE has sufficient funds to pay the costs of furnishing and scoring those assessments. ODE is currently developing new social studies assessments for grades four and six. These new tests, aligned with the revised academic content standards for social studies adopted by the State Board in June 2010, will be implemented for the 2014-2015 school year. This provision codifies uncodified law provisions that have suspended the administration of the social studies assessments since the 2009-2010 school year. The provision provides flexibility for ODE in administering the social studies assessments and may reduce assessment costs from what they would have been otherwise.

### **State Board responsibilities**

The bill requires the State Board to take a number of actions. These activities are consistent with the continuing work of the State Board and are not expected to increase costs beyond a minimal amount, if any. Among its responsibilities under the bill, the State Board must:

- No later than 30 days after the bill's effective date, compile a list of multiple assessments that are equivalent to the end-of-course examinations in each subject area that schools may use instead of the end-of-course exams (a similar requirement is in current law).
- Adopt a policy to grant credit to any student who scores at or above certain levels on end-of-course exams, their equivalents, or on other State Board-approved exams but does not complete the corresponding course of instruction and, no later than 30 days after the bill's effective date, establish minimum score levels on the applicable exams that students must attain in order to receive credit and the amount of credit to be awarded based on a student's score.
- By July 1, 2014, determine or develop various specifications to implement the end-of-course exams and graduation requirements.
- By July 1, 2014, select at least one nationally recognized job skills assessment and establish the minimum score a student must attain to demonstrate a student's workforce readiness and employability.
- By July 1, 2015, designate assessments in mathematics, science, social studies, and English language arts that evaluate a dropout prevention and recovery student's demonstration of general knowledge in a specific content area and designate a minimum passing score for each of the assessments.
- Hold at least three public hearings that allow public comment on any proposed academic standards or revisions to existing standards.

## **Synopsis of Fiscal Effect Changes**

The substitute bill added all of the provisions described above. The As Introduced bill carried no fiscal effect, as it only declared the General Assembly's intent to address these issues.