



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [H.B. 237 of the 130th G.A.](#)

Date: November 20, 2013

Status: As Introduced

Sponsor: Rep. Thompson

Local Impact Statement Procedure Required: Yes

Contents: Academic content standards, student assessments, and the distribution of student information

State Fiscal Highlights

- The bill prohibits the use of the Common Core State Standards (CCSS) in English language arts and mathematics and the Partnership for Assessment of Readiness for College and Careers (PARCC) assessments, which are aligned to those standards. As a result, the Ohio Department of Education (ODE) will incur an increase in expenditures likely to exceed \$1.8 million to develop new achievement assessments.
- Ongoing annual costs to furnish and score the new assessments are likely to be comparable to those incurred to provide the PARCC assessments.
- ODE may experience an increase in expenditures to redevelop standards and model curriculum in English language arts and mathematics.

Local Fiscal Highlights

- As a result of the bill, public districts and schools may need to implement new curriculum, lesson plans, and instructional materials and provide professional development. Some existing school district funds budgeted for these items may be able to be shifted toward implementation of the standards replacing the CCSS. However, it is also possible that school districts will incur new monetary costs and staff time to realign their curricula and teaching strategies to the new standards and, if necessary, purchase new instructional materials.

Detailed Fiscal Analysis

This bill, among other provisions, repeals the adoption of the Common Core State Standards (CCSS) in English language arts (ELA) and mathematics and prohibits the use of assessments aligned to those standards. These provisions could have direct fiscal effects on the state and public schools. The primary direct cost will be for the state to develop new ELA and mathematics assessments. The state and public districts and schools may also incur increased costs to develop and implement new academic content standards. The bill may also have indirect fiscal effects associated with Ohio's federal Race to the Top (RttT) grant funding and its federal Elementary and Secondary Education Act (ESEA) flexibility waivers. The following provides additional details concerning these and other topics.

New assessments

The bill prohibits the use of the Partnership for Assessment of Readiness for College and Careers (PARCC) assessments or any other assessments related to or based on the CCSS. PARCC is a consortium of states that is developing the new, computer-based assessments in ELA and mathematics that Ohio and the other states in the consortium will use beginning in the 2014-2015 school year. The PARCC assessments will be field tested this school year before they become operational in the 2014-2015 school year. Neither the state nor school districts are paying the cost to develop the PARCC assessments as PARCC is one of two consortia to be awarded federal funding to develop new assessments in ELA and mathematics. In addition to the PARCC assessments, the state is developing new, computer-based assessments in science and social studies that will become operational in the same timeframe. In FY 2014, \$55.9 million in GRF funding is specifically appropriated to the Ohio Department of Education (ODE) to support costs associated with achievement assessments. This amount increases to \$75.9 million in FY 2015 to account for implementation of the new generation of assessments, including both PARCC-developed and state-developed assessments, that is currently scheduled to begin that year.

As a result of the bill, the state will incur an increase in expenditures to develop new assessments in ELA and mathematics. Presumably, the state will continue to opt for a computer-based approach to ensure that the new assessments and the assessments in science and social studies can be administered on the same computer-based platforms. In addition to development of new achievement assessments, the state will need to revise various diagnostic assessments. Development work on the new assessments in science and social studies in grades four and six and the related end-of-course exams in high school is being performed by the American Institutes for Research under the contracts for the current generation of assessments. The development costs for the new tests are budgeted at around \$1.8 million. According to ODE, the cost to develop new assessments in ELA and mathematics are likely to be

greater than the cost to develop the new science and social studies assessments for several reasons. First, there would need to be an accelerated time frame for development to avoid a large gap in standards implementation. Second, there are more ELA and mathematics assessments to develop. ELA and mathematics assessments are required in every grade from three through eight. Science and social studies assessments will each be given two times during those grades. Currently, there are also six ELA and mathematics end-of-course exams planned for high school students compared with four science and social studies exams. Finally, ELA assessments have a more extensive writing component and a speaking and listening component, which is not present in the other assessments.

In terms of ongoing costs for the state to furnish and score the assessments, PARCC has estimated a per student cost of \$29.50 for its summative assessments. This figure is the annual total and includes both ELA and mathematics performance and end-of-year assessments. The Indiana Office of Management and Budget, in considering various options with respect to the CCSS, estimated the cost to furnish state-developed, CCSS independent assessments in ELA and mathematics at \$30.55 per student.¹ This suggests that ongoing costs for state-developed assessments are likely to be comparable to those incurred to provide the PARCC assessments.

New standards and curriculum

Academic content standards describe what students should know and be able to do in each grade level. The State Board of Education adopted the CCSS in ELA and mathematics along with state-developed standards in science and social studies in June 2010 pursuant to H.B. 1 of the 128th General Assembly. The new standards began to be fully implemented statewide in grades K-12 in the current 2013-2014 school year. School districts and community schools have had three years to transition to the CCSS. While full implementation did not begin until the current school year, ODE encouraged school districts to begin using the new standards as soon as possible to better prepare students for new, CCSS-aligned assessments. Indeed, school districts were encouraged to begin using the new standards in grades kindergarten through two and 11 and 12 beginning in the 2011-2012 school year.

If the adoption of the CCSS were repealed, the State Board would have to adopt different standards in ELA and mathematics. In the meantime, there would be a period of time where Ohio would have no ELA or mathematics standards. According to ODE, redeveloping ELA and mathematics standards would take at least one year. Changing the ELA and mathematics standards also would require revision of the state-developed model curriculum and may require review and revision of Ohio's early learning standards and the Ohio Board of Regents' remediation-free standards, portions of which are in alignment with the CCSS. These activities may increase ODE and BOR's

¹ Indiana Office of Management and Budget. *Indiana Common Core Implementation Fiscal Impact Report*. August 2013, <<http://www.in.gov/legislative/interim/committee/reports/COREGB2.pdf>>.

costs. In FY 2014, \$3.8 million in GRF funding is specifically appropriated in line item 200427, Academic Standards, for developing, revising, and communicating academic content standards and curriculum models to school districts and for developing professional development programs and other tools on content standards and model curriculum. This level is lower than the years in which the state-developed standards were formulated and the state was participating in efforts associated with the CCSS. According to the state's accounting system, the state spent anywhere between \$4.4 million and \$4.7 million annually from FY 2008 to FY 2011 in line item 200427 for operating costs associated with academic content standards.

Though current law requires the state to periodically adopt statewide academic content standards, school districts and community schools make decisions associated with curriculum, lesson plans, instructional materials, professional development, and technology. Costs associated with these responsibilities are generally regarded as a cost of doing business and are routinely funded in school district budgets. Given the three-year transition period for the CCSS, school districts may have been able to absorb some costs associated with new standards implementation within their regular curricular and instructional material replacement schedules. Further, new instructional materials may not have been needed if existing materials could be combined with new instructional techniques to achieve the expectations set in the standards. This suggests that it may be possible for school districts to redirect current funds budgeted for curriculum, instructional materials, professional development, and so on under the CCSS to implement the new standards the State Board adopts. Nevertheless, it is also possible that school districts and community schools will incur new monetary costs and additional staff time to realign their curricula and teaching strategies to those new standards and, if necessary, purchase new instructional materials. Such costs may be higher than the costs a district or community school experienced during the transition to the CCSS because school districts and community schools would likely have a much shorter period of transition to provide professional development and complete curriculum and lesson planning revisions.

State Board hearings

The bill requires the State Board to hold public hearings in each of Ohio's 16 congressional districts before any statewide academic content standards are adopted or revised. The bill requires notice of these meetings to be posted on ODE's website and in a newspaper of general circulation in each congressional district. In general, the 19-member State Board meets monthly in Columbus. In addition to a salary, State Board members receive reimbursement of actual and necessary expenses incurred in the performance of their duties. Thus, more State Board meetings may increase the GRF-funded reimbursements paid to members. The State Board's costs would also increase in order to pay for the newspaper advertisements. The cost will depend on the length of the advertisements and the rates charged by each newspaper.

Distribution of student and teacher information

Ohio's statewide longitudinal data system (SLDS) combines student data for students in publicly funded early childhood programs, public elementary and secondary schools, and public institutions of higher education using the existing system used by the Ohio Department of Education (ODE) to give each student a unique identifier number. The bill prohibits the state from expending any funds on construction, enhancement, or expansion of any SLDS designed to track students or compile personally identifiable student information beyond what is necessary for basic administrative needs, for academic evaluation of programs and student progress, or to comply with federal grant requirements. ODE indicates that this provision will not require modification of the SLDS, as the data currently contained in the system is necessary for the functions listed by the bill. As a result, this provision does not have a fiscal effect.

The bill also prohibits the state from sharing the personally identifiable information of students or teachers in certain circumstances. These provisions do not appear to have a significant fiscal effect. Current law generally prohibits ODE and the State Board from having access to personally identifiable student data. Rather, school districts and community schools submit student-level data to ODE using the unique data verification code mentioned above to shield student identities. Student data reported by ODE is aggregated, at a minimum, at the school building level. However, there may be some additional work created to address the personally identifiable information of teachers. For example, ODE publishes educator information online, including name, license number, position, courses taught, and school address. This information will likely need to be pulled offline as a result of the bill.

Indirect fiscal effects

Race to the Top grant funding

In August 2010, the U.S. Department of Education (USDOE) awarded Ohio a four-year, \$400 million competitive grant under the RttT grant program. The RttT grant program provides funding to states implementing education reforms in four specified areas. One of the four reform conditions or "assurance areas" central to the RttT grant program is whether a state is implementing common standards and assessments that prepare students for success in college and the workplace. State applications for RttT grant funding were scored based on how well certain criteria were met in these and other areas. About 15% of a state's RttT score was based upon whether the state was developing, adopting, and implementing common standards and common, high-quality assessments. A little over half of the RttT grant flows directly to around 435 RttT participating districts and community schools. These districts and schools must use the funds for specific school improvement activities that are outlined in their applications. The remaining funds are used at the state level.

Should the adoption of the CCSS be repealed and the PARCC assessments no longer be implemented, the potential exists for USDOE to revoke RttT grant funding or impose other federal penalties for noncompliance with the commitments the state agreed to in its application for RttT funding and in its USDOE-approved scope of work document, the latter of which describes the state's activities in implementing RttT reform initiatives. Any such sanctions could apply to the RttT funding for state-level activities as well as that passed through to school districts and community schools because these local education agencies (LEAs) committed to implementation of various required aspects of the state's scope of work in addition to other commitments made at the district or school level in their approved scopes of work. As of November 18, 2013, approximately \$244.9 million of RttT funds has been disbursed and an additional \$46.2 million has been encumbered but not yet spent. Of the amount spent, \$136.9 million has been distributed to participating LEAs. The remainder, \$108.0 million, has been spent on state-level activities.

Federal ESEA flexibility waivers

Under the federal No Child Left Behind Act of 2001 (NCLB), the current version of the ESEA, public districts and schools must meet adequate yearly progress (AYP), a measure designed to ensure that sufficient academic progress among all students and certain student subgroups is being made on achievement assessments each year so that 100% of students are proficient in reading and mathematics by the end of the current 2013-2014 school year. Districts and schools move into improvement status after missing AYP for two consecutive years; consequences escalate based on the number of years the benchmarks have been missed. Consequences include the offering of public school choice, tutoring services, set-asides of Title I funding to pay for public school choice transportation and tutoring services, set-asides of Title I funding for professional development, corrective action, and restructuring. In 2008, Ohio began operating under a USDOE-approved differentiated accountability model that categorized districts and schools that miss AYP for two years in a row or more in low, medium, or high support status based on the aggregate percentage of student groups that do not meet AYP in reading and mathematics.²

In September 2011, the USDOE offered states the opportunity to receive waivers from certain NCLB requirements in exchange for commitments to various education reforms. Ohio's waiver request was approved in May 2012. Most notably, the waivers exempt states and districts from making determinations of AYP and meeting the 100% proficiency requirement. As a result, districts and schools are no longer identified for

² Under NCLB, the consequences for districts or schools are the same whether they miss AYP for one group of students in one subject area or miss the benchmark for multiple groups of students in both subject areas. Though many of the same interventions were in place under NCLB and Ohio's pre-waiver differentiated accountability model, the model allowed Ohio to vary the intensity and type of interventions to match the academic reasons that led to the district or schools' identification.

improvement, corrective action, or restructuring for failing to make AYP for two years or more in a row. Instead, states must establish annual measurable objectives that are ambitious but achievable. Furthermore, a district or school's support status and interventions are now based on overall performance on Ohio's local report cards, one component of which assesses performance on the annual measurable objectives, rather than on AYP alone. While districts and schools are no longer identified for improvement, corrective action, or restructuring, the waivers require the identification and interventions of schools struggling the most in achievement and gap closing. To that end, a district or community school identified as having such a school must direct 20% of its Title I allocation to those schools.³ The waivers also provide flexibility with respect to Title I and other federal funds.

Like the RttT program, Ohio's waivers from certain requirements of NCLB were granted, in part, because Ohio had adopted the CCSS and is implementing the PARCC assessments. However, USDOE also granted waivers under an alternative qualification that permitted state-developed standards and assessments under certain circumstances, though the standards and assessments need to be implemented no later than the 2013-2014 and 2014-2015 school years, respectively. USDOE required states not adopting the CCSS and not participating in either PARCC or the Smarter Balanced consortium to have their standards certified by a network of state higher education institutions as being "college and career ready" and to submit their standards and assessments to the Department for peer review. Due to the time necessary for ODE to develop new standards and assessments and the implementation timeline USDOE established to obtain the waivers, it is possible that federal Title I funds, administrative or programmatic, could be rescinded for noncompliance. It is also possible that Ohio's waivers be revoked. If so, it is expected that most districts and schools would be subject to the various sanctions for failing to meet NCLB's expectations for student proficiency. To illustrate, Ohio's waiver proposal places the lowest 35% of both traditional districts and community schools in low, medium, or high support status. In contrast, it was generally expected that 90% of Ohio districts and community schools would fail to meet AYP once 100% proficiency was required. Ohio districts and schools would also lose the flexibility in federal funds granted by the waivers.

³ Prior to the waivers, districts and schools were required to set aside 20% of Title I funding for public school choice transportation and tutoring and 10% for professional development for consistently failing to make AYP.