



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [Am. Sub. H.B. 487 of the 130th G.A.](#) **Date:** June 4, 2014
Status: As Recommended by Conference Committee **Sponsor:** Rep. Brenner

Local Impact Statement Procedure Required: Yes

Contents: Modifies law related to primary and secondary education

State Fiscal Highlights

Post-Secondary Enrollment Options replaced by College Credit Plus

- The bill renames the Post-Secondary Enrollment Options Program (PSEO) as the College Credit Plus Program (CCP) and makes numerous changes to the program that will go into effect for the 2015-2016 school year.
- In FY 2013, payments to colleges under PSEO totaled about \$28.5 million. For public school students, these payments are made through a transfer of school district state aid. For nonpublic students, these payments are made directly by the state, subject to an appropriation.
- The bill's changes to the payment structure may decrease the per credit hour payments received by colleges and universities in some cases.
- The bill makes students enrolled under CCP eligible for state share of instruction (SSI) subsidies, which could change the distribution of SSI to colleges and universities.
- The bill may lead to an increase in costs for public colleges, the Ohio Board of Regents, and the Ohio Department of Education (ODE) due to additional administrative requirements.

High school assessments and graduation requirements

- 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. 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 seven end-of-course exams instead of the eight or ten under the State Board's current plan. Reducing the number of exams may further reduce the cost of the high school testing program.

State School for the Blind preschool and career-technical programs

- The bill requires the State Board of Education to establish a preschool educational program and a career-technical education and work training program for visually impaired students, which will be administered by the State School for the Blind (OSB). As a result of the preschool program and any necessary expansion of the School's career-technical programs, the state's expenditures may increase.

Solvency Assistance Fund debt forgiveness

- If any districts take advantage of the bill's provisions allowing the net amount of solvency assistance owed by a school district to be cancelled, the Solvency Assistance Fund (Fund 5H30) will experience a decrease in revenue. The Director of Budget and Management may transfer cash from the GRF to offset this decrease.

Local Fiscal Highlights

Post-Secondary Enrollment Options replaced by College Credit Plus

- In FY 2013, payments to colleges under PSEO totaled about \$28.5 million. For public school students, these payments are made through a transfer of school district state aid.
- Currently, school districts may have dual enrollment agreements with colleges that are similar to PSEO, but outside of the PSEO payment structure. The bill largely eliminates these outside agreements, incorporating all similar agreements within the CCP structure.
- The bill's changes to the payment structure may decrease the per credit hour payments deducted from district state aid in some cases.
- The bill extends CCP eligibility to students in grades 7-8, potentially resulting in additional CCP participants and thus, an increase in deductions of school district state aid to pay colleges.
- The bill may lead to an increase in costs for school districts due to additional administrative requirements.

EdChoice eligibility

- The bill expands eligibility for EdChoice beginning in the 2016-2017 school year. If, as a result, more scholarships are awarded, deductions of school district state aid will increase. Districts may also experience a decrease in expenditures due to educating fewer students.

Conditional waiver pilot program

- The bill creates a waiver program for up to five years for STEM schools and certain innovative school districts for state achievement assessments, teacher evaluations, and report card ratings. The development and ongoing administration of this waiver program and alternative assessments will increase the administrative burden on participating schools. If ODE is not able to obtain a waiver from federal testing

requirements, schools participating in this waiver program may see a reduction in federal funding.

Performance ratings

- The bill prohibits ODE from assigning an overall letter grade on district and school report cards for the 2014-2015 school year and using report card ratings for that year in determining various sanctions or penalties. Under the bill, some districts and schools may not bear the expense of potential sanctions or penalties that they otherwise would have had to bear.

Solvency Assistance Fund debt forgiveness

- Under the bill, if certain conditions are met, a school district that acquires another school district that has received, but not completely repaid, a solvency assistance advance will not absorb the net amount owed by the transferring district. As a result, this district's expenditures will be lower under the bill than otherwise.

Detailed Fiscal Analysis

The bill makes many changes to the laws governing primary and secondary education. Provisions in the bill with a fiscal effect are discussed below.

Post-Secondary Enrollment Options replaced with College Credit Plus

Overview

The Post-Secondary Enrollment Options Program (PSEO) permits students to take courses for both college and high school credit while in high school. Under the program, students may take the course free of charge and have the college reimbursed for the costs associated with the course. PSEO payments to colleges for public high school students are deducted from the state aid of the educating school district or school. Such payments for nonpublic and home-instructed students are made from set-asides of certain GRF appropriations. According to Ohio Department of Education (ODE) data, 14,860 public school and 1,202 nonpublic school students participated in PSEO statewide in the 2011-2012 school year, the latest data readily available.¹

The bill renames PSEO as the College Credit Plus Program (CCP) and makes numerous changes to the program. Many of the bill's changes reflect recommendations made by the Chancellor of the Ohio Board of Regents pursuant to H.B. 59 of the 130th General Assembly. Most notably from a fiscal perspective, these changes involve (1) the formula for payments to colleges, (2) CCP's elimination of other dual enrollment agreements similar to PSEO, (3) the extension of eligibility to students in grades 7-8,

¹ H.B. 59 of the 130th General Assembly expanded the program to include home-instructed students beginning with the current 2013-2014 school year.

(4) permitting a public college to include a student enrolled under CCP in its "state share of instruction" count for state higher education subsidies, and (5) additional program requirements for public colleges and high schools. The net effect of these changes on the overall amount paid to colleges through deductions of school district state aid and expenditure of dedicated state funds is unclear, as the bill contains changes that have the effect of both decreasing and increasing aggregate payment amounts. These provisions are discussed in more detail below. Under the bill, CCP will not begin operation until the 2015-2016 school year. Until then, PSEO will continue to operate in its current form.

Payment formula

Current law

Under current law, colleges are paid based on the lesser of (1) the actual cost of tuition, textbooks, materials, and fees that the student otherwise would have been responsible for or (2) an amount based on the tuition base (equal to the formula amount), the full-time equivalency percentage of the student, and the percentage of time during the school day that the student spends at the college. In practice, the amount paid depends on the number of Carnegie units the high school permits a student to earn per year.² One Carnegie unit is equal to one five-credit hour semester class. If a full-time student may earn six Carnegie units per year, then the amount paid for a five-credit hour course under PSEO is one-sixth of the tuition base, or about \$967 in FY 2015 based on the formula amount of \$5,800 ($\$5,800 \times (1/6)$). This translates to about \$193 per credit hour ($\$967 \div 5$). If a full-time student may earn seven Carnegie units per year, then the amount paid per credit hour is somewhat smaller. In this case, the amount paid for a five-credit hour course is one-seventh of the tuition base, or about \$829, which translates to about \$166 per credit hour. Current law permits the Superintendent of Public Instruction and the Chancellor to adopt rules permitting schools to enter into alternative PSEO funding agreements with colleges. However, since the Ohio Department of Education (ODE) is unaware of any such agreement being requested, the rules have yet to be adopted.

Changes made by the bill

In general, the bill requires the CCP payments made by ODE to be based on the number of credit hours in which a student is enrolled during the previous term. Further, unless an agreement specifying an alternative payment structure is entered into by the high school and the college, which the bill permits under certain conditions, ODE must pay the college the following default per credit hour amounts:

- The default ceiling amount for a student enrolled in a college course delivered on the college campus, at another location operated by the

² A Carnegie unit is the basic unit of credit used to meet high school graduation requirements. Typically, one Carnegie unit is awarded for courses scheduled for 120 instructional hours.

college, or online. This amount is calculated as 83% of the formula amount divided by either 30 or 45, depending on whether the college operates on a semester or quarter schedule, respectively. Using the FY 2015 formula amount of \$5,800, this calculates to about \$160 for each semester credit hour ($\$5,800 \times 0.83 = \$4,814$; $\$4,814 \div 30 = \160.47 per credit hour) and about \$107 for each quarter credit hour.

- 50% of the default ceiling amount, for a student enrolled in a college course delivered at the student's high school but taught by college faculty.
- The default floor amount, defined as 25% of the default ceiling amount, for a participant enrolled in a college course delivered at the student's high school and taught by a high school teacher who has met the established credential requirements.
- For a home-instructed or nonchartered nonpublic student enrolled in a public or private college, ODE must pay the college the default ceiling amount for each completed credit hour when the student is enrolled in a college course delivered on the college campus, at another location operated by the college, or online.

Because the full formula amount will no longer be the basis of the payments, payment amounts to colleges may decrease. For example, instead of being paid \$967 for a five-credit hour semester class, as in the example above, a college would be paid about \$802 under the bill for a course delivered on a college campus ($\$160.47$ per credit hour \times 5 credit hours = \$802.35). The amount would be less for a course delivered at the student's high school. The amount of any decrease will vary by school district and community school, as it will depend on the maximum number of Carnegie units currently allowed by each school and the format and location in which students receive instruction through the program. On the other hand, the bill makes a public or nonpublic secondary school responsible for paying the cost of textbooks for participants enrolled in a public college. These costs are currently paid by a college receiving reimbursement under PSEO. Ultimately, the result of these changes is likely to be a shift in a portion of the cost of educating such students to the colleges in which they enroll. Note that the bill's change from an annual payment schedule to a semiannual schedule will artificially inflate the total amount of the payments made in FY 2016. Statewide, payments to colleges totaled \$28.5 million for students attending college under PSEO in the 2012-2013 school year. For additional details concerning PSEO payments, please see the **Appendix** below.

Elimination of other dual enrollment agreements

While PSEO is one dual enrollment option for high school students, current law also permits a school district or a participating nonpublic school to enter into an agreement with a college or university to establish a similar dual enrollment program. These agreements do not carry the same payment amount requirements and prohibitions on student charges as PSEO. Also, school districts make payments directly

to the college under these agreements rather than through the deduction and transfer mechanism of PSEO. Some school districts may currently pay less per credit hour under these alternative dual enrollment agreements than under PSEO, or potentially nothing at all if, for example, the student or parent is responsible for the entire cost of tuition negotiated between the district or school and the college. LSC is unaware of any comprehensive source of data concerning these arrangements that indicates how prevalent they are or what payment rates are commonly negotiated.

The bill eliminates the authority for schools and colleges to enter into these agreements and instead states that, in general, CCP will govern arrangements in which a secondary grade student enrolls in a college and, upon successful completion of coursework taken under the program, receives transcribed credit from the college.³ The bill permits a high school and a college to enter into an agreement establishing an alternative payment structure for tuition, textbooks, and fees. However, the payments made under these agreements must be distributed through the state, either through the method of deducting and transferring school district state aid or disbursement of dedicated state funds for nonpublic or home-instructed students. In general, the payments made for each student by ODE under such an agreement cannot exceed the default ceiling amount or be less than the default floor amount, unless the Chancellor approves an agreement that includes payment below the default floor amount. The effect of this change is an increase in deductions of school district state aid for districts that are currently participating in other dual enrollment agreements. However, direct expenditures made by these school districts will decrease. The net effect on a school district will depend on the difference, if any, in rates paid under the current agreements and the rates paid under CCP or an alternative payment structure.

Student eligibility

Under current law, public and nonpublic school students are eligible to participate in PSEO if they are enrolled in grades 9-12, or are in the equivalent of those grades if instructed at home. The bill extends CCP eligibility to public and nonpublic school students in grades 7-8 and home-instructed students in the equivalent of those grades as long as a student meets the applicable eligibility criteria required of secondary students for participation. Extending eligibility may result in additional participants in the program. If so, the effect of this provision is an increase in deductions of school district state aid and expenditures of dedicated state funds to pay colleges. Because of this change, the bill also requires each public and participating nonpublic school to provide information and counseling services about CCP to all students enrolled in

³ The bill grants exceptions for (1) an agreement governing an early college high school program that meets certain exemption criteria, (2) an advanced placement course or international baccalaureate diploma course, and (3) until July 1, 2016, an approved career-technical education program that grants articulated credit to students.

grades 6-11, instead of grades 8-11 as under current law. This provision may increase the administrative burden of school districts and community schools.

State share of instruction count

Though public colleges may receive less from payments of school district state aid and state funds set aside specifically for CCP, the bill makes students enrolled under CCP eligible for state share of instruction (SSI) subsidies. A public college's "state share of instruction" is the main subsidy that is paid by the state toward the instructional operating cost of the institution. Note that an increase in the number of students eligible for the SSI subsidy formula could result in a small decrease in the amount of subsidy funding per student, depending on the amount appropriated.

Program requirements

The bill revises various requirements associated with the program. For instance, the bill requires all public colleges, with the exception of the Northeast Ohio Medical University, to participate in CCP. While all such colleges currently participate, they are not required to do so under current law. The bill also makes changes to the information provided by high schools and colleges, requires public and participating nonpublic high schools and public and participating colleges to collect, report, and track specified data related to the program, and requires that CCP courses be taught by teachers meeting credential requirements established by the Chancellor. In addition, colleges must provide high school teachers teaching CCP courses for a college with at least one professional development session per school year and conduct at least one classroom observation per school year of each course authorized by the college. These provisions, which are discussed in more detail in the LSC Bill Analysis, may lead to an increase in costs for colleges, school districts, the Ohio Board of Regents, and ODE due to additional administrative requirements. However, the bill permits any high school or college that is subject to the requirements of CCP to apply to the Chancellor and the Superintendent for a waiver from these requirements. The criteria to receive a waiver are to be adopted in rule by the Chancellor and the Superintendent.

High school assessments and graduation requirements

Current requirements and implementation plan

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 the five tests commonly referred to as the Ohio Graduation Tests (OGTs). 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 and a nationally standardized assessment measuring college readiness in the tenth grade. Current law does not specify a date by which the OGTs are eliminated and the new system begins. Rather, the timeline and plan for implementation of the new 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, ODE indicates that the new graduation requirements will begin to apply to students entering the ninth grade in the 2016-2017 school year. This means that the OGTs will continue to be administered to sophomores through that school year. Due to a combination of the requirements associated with Ohio's federal Elementary and Secondary Education Act waivers and Ohio's memorandum of understanding with the other members of the Partnership for the Assessment of Readiness in College and Careers (PARCC), the end-of-course exams under the new assessment system and the 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.

Changes made by the bill

OGT phase-out

The bill eliminates the one-year delay to the effective date of the State Board's 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 (the class of 2018). As a result, the OGTs must be offered through 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. Thus, 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.

End-of-course exams

Under a plan adopted by the State Board in November 2013, school districts may choose to have their students take either eight or ten end-of-course exams. Instead, the bill specifies that there be only seven end-of-course exams. Reducing the number of exams may reduce the cost of the high school testing program.

Current law permits districts and schools to use substitute exams selected by the Superintendent and the Chancellor in lieu of the state-prescribed end-of-course exams. Districts and schools are responsible for paying the cost of the substitute exams under the State Board's plan. The bill eliminates the requirement that the Superintendent and Chancellor select substitute exams and only permits advanced placement, international baccalaureate, and dual enrollment or advanced standing program examinations in the areas of physical science, American history, and American government to be used as

substitute exams. This provision will increase ODE's assessment system costs relative to what they would have been otherwise, depending on the number of districts that would have opted to use substitute exams in the other subject areas at their own expense.

On the other hand, the bill requires a student in an advanced placement or international baccalaureate course or in any other dual enrollment or advanced standing program in the three subject areas noted above to take the applicable substitute examination in lieu of the state-prescribed end-of-course exam. This provision may result in a small reduction from what the state's assessment system costs would have been otherwise.

Effective October 1, 2015, the bill allows any chartered nonpublic school to forgo end-of-course examinations if that school publishes the results of the college and career readiness assessment for each graduating class. It also prohibits the State Board from imposing any additional requirements or assessments for chartered nonpublic schools to grant a diploma. Under continuing law, the state furnishes the assessments comprising the OGTs and, once implemented, the College and Work Ready Assessment System to chartered nonpublic schools. Thus, this provision may reduce ODE's assessment system costs, if nonpublic schools choose to forgo the exams.

The bill also creates a committee to make recommendations regarding graduation requirements and other state-mandated testing requirements for students who attend chartered nonpublic schools. The work of the committee may increase ODE's administrative burden.

Nationally standardized college readiness assessment

The bill specifies that the assessment selected as the nationally standardized college readiness assessment be used for college admission and include components in English, mathematics, science, and social studies. The bill also specifies that the assessment be administered to all eleventh grade students. The assessment previously selected as the college readiness assessment, the Preliminary Scholastic Aptitude Test (PSAT), is not used for college admission and was to be administered to tenth grade students. As a result of this provision, ODE's administrative burden may increase to carry out a new request for proposals (RFP) process to select a new test. The state's cost to administer the assessment may also change, depending on the terms negotiated with the newly selected test's vendor. As a point of reference, the contracted per student cost for the PSAT was \$10.20, for a total estimated cost of \$1.53 million per year.

Graduation requirements

As noted above, current law generally requires a high school student to obtain passing scores on prescribed assessments 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 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,⁴ (2) attain a cumulative passing score on the end-of-course exams, or (3) attain a score that demonstrates workforce readiness and employability on a State Board-selected job skills assessment and obtain either an industry-recognized credential or a professional license from a state agency or board that requires an examination for issuance of that license.

Providing additional testing options to qualify for a diploma may result in more students who are able to graduate on time, 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. The multiple criteria to qualify for a diploma may also 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.

Job skills assessment

As alluded to above, 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. The bill requires the state to reimburse a school district for the costs of administering the job skills assessment. The overall cost to the state is uncertain, as it will depend on how many students opt to take the assessments and the terms of the contract negotiated with the assessment vendor.

EdChoice scholarship eligibility

The Educational Choice Scholarship Program ("EdChoice") provides scholarships to eligible students to attend participating nonpublic schools. The bill modifies the determination of whether a school is low-performing for the purposes of the EdChoice program by adding a new qualification. Beginning in the 2016-2017 school year, students will be eligible if they are enrolled in or will be enrolling in a building that serves any of grades 9-12 and received a grade of "D" or "F" on the four-year adjusted cohort graduation rate component of the local report card for two of the three most recent report cards. As a point of reference, 135 traditional school district buildings received a grade of "D" or "F" on that component on the 2012-2013 report cards. Of these, 31 already meet one or more of the existing EdChoice program qualifications.

⁴ 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.

If more schools are considered to be low-performing under the bill, it is likely that more students will be eligible for EdChoice. Under continuing law, traditional EdChoice students are counted in their resident districts' ADM for funding purposes. Funding for the student, however, is deducted from the district's calculated state funding allocation and transferred to the nonpublic school. If more students participate under the traditional program criteria, deductions from qualifying school districts will increase. Districts may also experience a decrease in expenditures due to educating fewer students. The maximum EdChoice scholarship amount is \$4,250 for grades K-8 and \$5,000 for grades 9-12.

Other provisions relating to assessments, academic content standards, and report cards

Online assessments

The bill allows school districts to administer state assessments for the 2014-2015 school year in either an online format or with paper and pencil. If more schools select to administer the assessments with paper and pencil than would have been the case under current law, ODE may see an increase in assessment costs. The bill also requires ODE to submit a report on the security of student data with regard to the administration of online assessments and to publish the number of districts and schools that administered the assessments online, with paper and pencil, and any combination of the two. These provisions will increase ODE's administrative burden.

Conditional waiver pilot program

The bill permits STEM schools and certain school districts to apply for a waiver from state requirements for achievement assessments, teacher evaluations, and reporting of data for report card ratings. The waiver request must propose an alternative assessment system that must be approved by the Superintendent of Public Instruction. The bill also requires that ODE seek a waiver from the testing requirements of the federal "No Child Left Behind Act of 2001" and create a mechanism for the comparison of the proposed alternative assessments and the state assessments. The development and ongoing administration of this waiver program will have an additional administrative burden on participating schools and ODE. ODE could see an increase or decrease in the costs to administer state achievement assessments depending on the choices made by schools. If ODE is not able to obtain a waiver under the federal "No Child Left Behind Act of 2001" then schools participating in this waiver program may see a reduction in federal funding.

Reading assessment for third graders

For the 2014-2015 school year, the bill requires that the fall administration of the third grade reading assessment use the assessment administered the previous year, the Ohio Achievement Assessment (OAA), and that the spring administration of the assessment to a student who does not attain a score high enough to be promoted to fourth grade on the fall assessment also use the OAA. However, the bill requires the

spring administration of the assessment to a student who *does* attain a score high enough to be promoted to fourth grade on the fall assessment to use the new assessment developed by the Partnership for Assessment of Readiness for College and Careers (PARCC). As a result, ODE must provide two different assessments for the spring administration, which increases ODE's administrative costs.

High school assessments for students in nonchartered nonpublic schools and home-instructed students

The bill permits any student enrolled in a nonchartered nonpublic school or home-instructed student to participate in the college and career readiness assessment and the end-of-course examinations under the state's new College and Work Ready Assessment System. ODE is required to adopt rules for the administration and scoring of these assessments. The cost of providing these assessments should not be significant as it will depend on the number of students choosing to participate in the assessment system, which is likely to be low.

Diagnostic assessments

The bill updates and adds consistency to requirements associated with diagnostic assessments. The changes are designed to clarify flexibility for school districts, clean up older erroneous language, exempt students with significant cognitive disabilities from testing in the same manner as the third grade reading guarantee, and allow ODE to implement the K-3 literacy measure using diagnostic data as previously required. The bill should reduce the administrative costs associated with the diagnostic assessments for ODE and local school districts.

Achievement assessments as public records

The bill requires, beginning with the spring administration of the 2014-2015 school year, that questions on the achievement assessments and corresponding preferred answers become a public record according to a prescribed formula. Making the questions public may increase ODE's expenditures associated with the development of future tests.

Exemption from elementary assessment

Under continuing law, chartered nonpublic schools with enrollments consisting of at least 65% state scholarship students must administer the elementary achievement assessments to all students whose parents do not opt out. Beginning with the 2015-2016 school year, the bill provides an exemption from this requirement for certain schools with enrollments consisting of at least 95% students with disabilities and meeting certain other eligibility requirements if the school submits a waiver request that is approved by the Superintendent. The bill may minimally reduce expenditures associated with student assessments for ODE.

Assessments report

The bill requires the Superintendent of Public Instruction to submit a report regarding state assessments, including a review of the number of elementary and secondary assessments administered and recommendations for decreasing the number of assessments, and the number of designated dates for and duration of the administration of the assessments. This provision will increase ODE's administrative burden.

Academic standards review committee

The bill creates the English language arts and social studies academic standards review committees and tasks the committees with reviewing the state standards in their respective subject areas. ODE may face some additional administrative expenses to provide administrative support to these committees.

Academic content standards

The bill prohibits the State Board of Education from adopting or revising academic content standards in social studies, American history, American government, or science as part of a multistate consortium. Under the bill, the State Board will not gain any potential savings or revenues from joining a multistate consortium, if such a consortium were to form.

Performance ratings

The bill prohibits ODE from assigning an overall letter grade on district and school report cards for the 2014-2015 school year and using report card ratings for that year in determining various sanctions or penalties. The bill also permits ODE, at the discretion of the State Board, to not assign grades for the six components encapsulating various performance measures. Under the bill, some districts and schools may not bear the expense of potential sanctions or penalties that they otherwise would have had to bear.

The bill also requires ODE, by October 1 each year starting in 2015, to report for each school district, community school, and college-preparatory board school the results of various performance measures with respect to students with disabilities and to post these reports on its website for comparison purposes. This provision will increase ODE's administrative burden.

Academic distress commissions

The bill removes two conditions qualifying a district for an academic distress commission. Districts with 50% of their schools scoring an overall grade of "D" or "F" on any of the aggregated performance measures or districts receiving a grade of "F" for the value-added progress dimension no longer qualify for an academic distress commission under those specific conditions. This may decrease the number of districts with an academic distress commission, thereby saving potential expenditures required by those commissions for those districts.

The bill also requires the Superintendent of Public Instruction, by December 31, 2014, to submit recommendations for legislative changes regarding intervention for poor performing school districts that are at risk of becoming subject to an academic distress commission. This provision will increase ODE's administrative burden.

Provisions relating to career advising and career-technical education

Student career advising

The bill requires ODE to develop and post on its website model policies on career advising and student success plans by December 1, 2014. These requirements will minimally increase the administrative burden of ODE.

The bill requires school districts to adopt a policy on career advising for the 2015-2016 school year and update that policy every two years, identify students who are at risk of dropping out using a research-based method and develop a student success plan, and notify a student's parents and allow them to assist in the development of a student success plan. These requirements will increase the administrative burden on school districts.

The bill also requires ODE to establish a clearinghouse of information regarding the identification of and intervention for at-risk students and an online clearinghouse of research related to proven practices on career advising and student success plans, both of which will increase ODE's administrative burden.

Student career-technical education

Under current law, a school district may already provide career-technical education to seventh and eighth graders. ODE has developed and posted sample course descriptions and outlines covering grades 7-8. Beginning in the 2015-2016 school year, the bill requires districts to provide this type of education in grades 7-8 unless the district receives a waiver from ODE. As a result of this change certain school districts could see an increase in administrative expenses associated with providing career-technical education to grades 7-8. The current school funding formula provides additional funding for students enrolled in career-technical programs. In FY 2015, this funding ranges from \$1,210 to \$4,800 per full-time equivalent student depending on the type of career-technical program. If the provision results in more seventh and eighth graders enrolling in career-technical courses, state formula funding for career-technical education will increase.

Provisions relating to community schools

Sponsor confirmations

The bill prohibits ODE from making any payment of state aid to a community school opening for its first year of operation until the sponsor of that school makes certain confirmations with respect to the operations and facilities of the school. As a result, payments of state aid to new community schools may be delayed if the confirmations are not made on a timely basis.

Sponsor approval from ODE

The bill exempts an educational service center that proposes to establish a conversion community school located in a county within the territory of the service center or in a county contiguous to such county from the requirement to obtain sponsor approval by ODE. This provision may reduce ODE's administrative burden.

Reopening of a permanently closed community school

The bill prohibits a community school, including an e-school, that is permanently closed for poor academic performance from being reopened if various conditions indicative of the school simply reopening without significant changes in oversight, administration, teaching staff, and accountability plans are met. If a student were to leave a community school that is prevented from reopening under the bill to attend a school in the student's resident school district, the funding for the student would no longer be deducted from the resident district's state aid. Since the district would be responsible for educating the student, its expenditures may increase. Deductions for each community school student are at least \$5,800 in FY 2015; deductions are higher for students receiving special education, career-technical, or limited English proficient services or who are economically disadvantaged or in grades K-3.

Preschool and career-technical education programs at the State School for the Blind

The bill requires the State Board of Education to establish a preschool educational program for children with visual impairments as well as a training program for parents of such children. The Ohio State School for the Blind (OSB) currently provides preschool outreach services to families and early intervention teams by providing information on visual impairment resources, learning tools, and other vision-related services. OSB also facilitates a parent mentor program that serves families of children with disabilities. The bill permits the Superintendent of OSB to establish reasonable fees for participation in the programs to defray the costs of carrying them out. The fees will be deposited in the State School for the Blind Even Start Fees and Gifts Fund, which the bill creates. The School for the Deaf (OSD) currently operates a similar preschool program that is funded mostly by the GRF. As a point of reference, OSD's preschool program incurred expenses of about \$775,000 in FY 2013.

The bill also requires the State Board to establish a career-technical education and work training program for secondary and post-secondary students whose disabilities are visual impairments. Currently, OSB assists visually impaired students in grades 7-12 through a Life Skills program that focuses on resume building and interview skills, a job placement program for 18 to 20-year-old students that exposes students to workplace opportunities, and a job placement program in partnership with Project Search available for students after graduation. To the extent the bill expands OSB's career-technical education and work training program, the state's expenditures may increase.

The bill also creates a State School for the Blind Educational Program Expense Fund, similar to one used by the School for the Deaf, that may receive money from donations, bequests, fundraising activities, fees, and other related receipts for use in educational programs and expenses related with student activities. Currently, any moneys received by OSB from donations, bequests, the school vocational program, and other sources are credited to the State School for the Blind – Student Activity and Work-Study Fund (Fund 4M50). Appropriations from this fund are about \$460,000 in FY 2014 and FY 2015.

Solvency Assistance Fund debt forgiveness for certain consolidating school districts

Through the Solvency Assistance Fund (Fund 5H30) shared resources account, ODE provides interest-free advances to school districts in fiscal emergency to enable them to remain solvent and to pay unforeseen expenses of a temporary or emergency nature that the districts otherwise cannot pay from existing resources. The bill provides that the net amount of solvency assistance owed by a school district can be cancelled under the following two scenarios as long as certain specified conditions are satisfied. These scenarios are the transfer of a district's entire territory to another district and the merger of school districts within the same educational service center territory.

If any districts take advantage of these provisions, Fund 5H30 will experience a decrease in revenue. The Director of Budget and Management may transfer cash from the GRF to offset this decrease. A school district that acquires another school district that has received, but not completely repaid, a solvency assistance advance will not absorb the net amount owed by the transferring district. As a result, this district's expenditures will be lower under the bill than otherwise.

Other provisions

Third grade reading guarantee for scholarship students

The bill requires any third grade student, subject to certain exemptions, enrolled in a chartered nonpublic school with a scholarship under EdChoice or the Cleveland Scholarship and Tutoring Program to be subject to the third grade reading guarantee. Additionally, chartered nonpublic schools that enroll students in grades K-3 and accept students under those scholarship programs must adopt policies and procedures for the annual assessment of reading. If a chartered nonpublic school opts to use the ODE-developed diagnostic assessments to assess reading skills, ODE must furnish them to the school. There is likely only a negligible cost, at most, for ODE as a result of this provision. Such assessments are available online at the ODE website.

Alternative staffing under third grade reading guarantee

The bill permits districts and community schools that cannot meet the requirements for assigning teachers to certain students under the third grade reading guarantee in fiscal years 2015 and 2016, to develop and submit to ODE an alternative staffing plan. This may give schools more flexibility in teacher assignments.

Report of expenditures for gifted students

Under the current school funding formula, the state provides school districts with funding for gifted identification and education. The bill requires ODE, by October 30 each year, to publish on its website each school district's expenditure of these funds in the prior school year. This provision may increase ODE's administrative costs.

School Energy Conservation Program

The bill modifies school district reporting requirements under the School Energy Conservation Program, which may minimally decrease the administrative costs of certain districts.

Resident educator license renewal

The bill requires the State Board of Education to adopt rules regarding the renewal of resident educator licenses and alternative educator licenses. Current law allows the State Board to extend resident educator licenses as well as alternative educator licenses on a case-by-case basis without adopting specific rules to govern those license renewals. Under the bill, the State Board may experience a minimal administrative burden to establish the required rules concerning license renewals.

Classroom facilities for STEM schools

The bill requires the School Facilities Commission (SFC) to establish guidelines for assisting STEM schools in the acquisition of classroom facilities and requires (rather than permits as under current law) SFC, subject to approval of the Controlling Board, to provide funding to assist a STEM school in the acquisition of classroom facilities if it determines that the school meets the guidelines. This may result in STEM schools being awarded facilities funding. Under continuing law, a STEM school must match the funding provided by SFC.

Concussion assessment in interscholastic and youth sports

The bill requires that the Ohio Department of Health (ODH) establish a committee regarding concussions and head injuries sustained by athletes while participating in interscholastic and youth sports. The bill requires the committee to develop and publish guidelines addressing the diagnosis and treatment of concussions and head injuries, the conditions under which an athlete may be granted clearance to return to practice or competition, and the education requirements for persons who assess and clear athletes to return to practice or competition after suffering a concussion. ODH may experience a minimal increase in administrative costs to support the work of the committee.

Emergency management plans

The bill expands current law regarding school safety plans. It renames the plans as "emergency management" plans and expands the information contained in the plan and the entities that are to receive a copy of the plan. It also requires at least one emergency management test to evaluate the plan each year. This provision may increase the administrative burden of school administrators to the extent current school safety plans do not meet the new requirements.

GED testing eligibility

Under current law, in order to take the GED tests, an individual must not be currently enrolled in high school and must not have earned a high school diploma. Test takers must also be at least 19 years old, unless the applicant qualifies for an age exception. In that case, persons as young as 16 years old may take the test. The bill lowers the minimum testing age to 18 and modifies the requirements for those seeking an age exception by requiring only a parent, guardian, or court official's written approval. Currently, an applicant also must have the superintendent of the school district or the principal of the community school or STEM school in which the applicant last attended, or their designees, complete and sign a GED age waiver form. The fiscal effects of relaxing these GED test restrictions are likely minimal.

School Based Health Care Advisory Workgroup

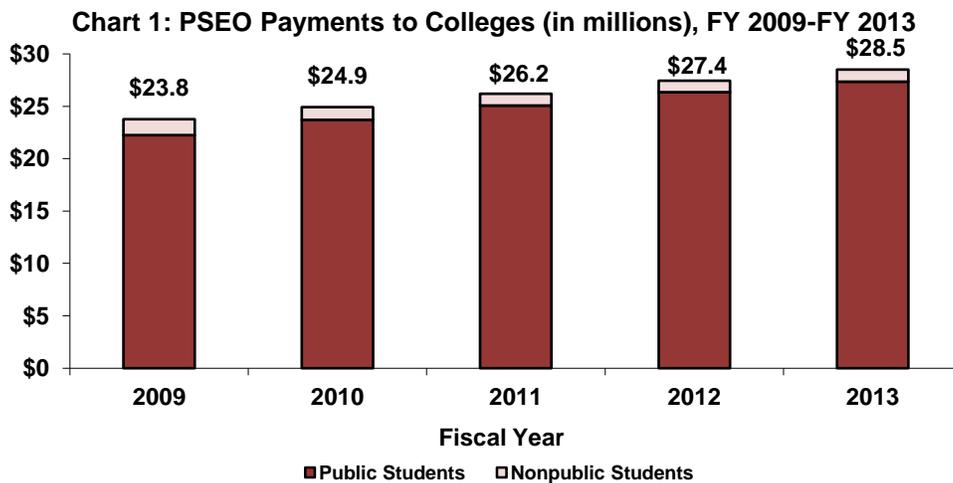
The bill creates a School Based Health Care Advisory Workgroup, which serves primarily to study and recommend health-related practices and strategies that improve student academic achievement and health outcomes. The Workgroup consists of one member from each of the following seven state agencies: the Superintendent of Public Instruction's office, the Department of Developmental Disabilities, the Department of Health, the Department of Job and Family Services, the Department of Medicaid, the Department of Mental Health and Addiction Services, and the Office of Health Transformation. The Workgroup also consists of 22 members from various education and health-related associations and organizations, as well as four state legislators.

The School Based Health Care Advisory Workgroup is tasked with studying the correlation between student health and academic achievement, identifying and recommending model practices for communities to use in improving academic achievement through better student health, recommending financial strategies to sustain these models, recommending health care delivery strategies that improve health outcomes, and exploring the community learning center model delivery of student health care services. Since the members of this Workgroup will serve without compensation, there is no direct financial impact on the state or any state agency. However, since involvement with this Workgroup may be considered among an employee's duties, the agencies involved may experience a slight increase in their administrative workload.

Appendix

Background information on PSEO payments

Statewide, deductions from FY 2013 state aid for PSEO payments to colleges were about \$27.4 million, according to ODE statements of settlement of state aid for school districts and community schools while payments for nonpublic students amounted to about \$1.2 million, based on data in the state's accounting system. Chart 1 below illustrates the statewide amount of PSEO payments to colleges over the past five fiscal years. As the chart shows, the overall amount paid under PSEO has risen steadily in recent years, driven mostly by payments for public school students. Note that the fiscal year indicated in the chart represents the year for which the payments were made, not the year in which the payments were disbursed.



The majority of PSEO payments flow to community colleges followed by university and regional branches. Payments to private colleges make up a relatively small share of the total. Chart 2 below shows the relative share of PSEO payments flowing to each sector, based on data in the state's accounting system.

