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H.B. 497
134th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Passed by the House

Primary Sponsors: Reps. Manning and Robinson

Local Impact Statement Procedure Required: No

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Highlights

- Eliminating the fall third grade English language arts assessment will likely decrease state GRF expenditures by approximately \$2.7 million starting in FY 2023.
- Eliminating student retention under the third grade reading guarantee appears to have minimal fiscal effects in the short term, as school districts and other public schools must continue to provide intervention and remediation services to students reading below grade level. However, there may be some cost savings for the state, school districts, and other public schools over a long time horizon due to lower enrollment.

Detailed Analysis

Elimination of fall third grade English language arts assessment

Current law requires school districts and other public schools to administer the third grade English language arts (ELA) assessment twice during each school year. Districts and schools administer the assessment in the fall and again in the spring. The bill requires the third grade ELA assessment to be administered once annually. This effectively eliminates the fall third grade ELA assessment, as the Ohio Department of Education (ODE) reports the spring test is federally required. Eliminating the fall third grade ELA assessment will likely decrease state GRF expenditures by approximately \$2.7 million starting in FY 2023, per ODE estimates.¹

¹ The bill requires only one administration of the third grading ELA assessment beginning in the current 2021-2022 school year (FY 2022). However, the fall administration of the test for this school year has already occurred. Thus, the first year affected by this provision is the 2022-2023 school year (FY 2023).

Elimination of student retention under third grade reading guarantee

Under the third grade reading guarantee, school districts and other public schools provide additional supports in reading comprehension for a student in grades K-3 determined to be off track in order to help the student meet the promotion score by the end of the third grade. In general, students who do not meet the promotion score are retained in the third grade and receive intensive reading intervention services. The bill eliminates the retention of third grade students who do not meet a required promotion score on the third grade ELA test.

The fiscal effects of this provision on districts and schools are likely to be minimal. While the bill eliminates retention, it also requires districts and schools to continue offering intervention and remediation services to students reading below grade level. As a point of reference, 5% (about 5,700) of third grade students statewide who were subject to the third grade reading guarantee in the 2018-2019 school year did not meet the promotion score. Due to the effects of the COVID-19 pandemic, the General Assembly generally exempted third grade students from retention under the third grade reading guarantee in the 2019-2020, 2020-2021, and 2021-2022 school years. However, the various acts that have provided the exemptions, in general, have permitted a student to be retained if the principal of the student's school and the student's reading teacher agree that the student is reading below grade level and not prepared to be promoted to fourth grade.

Some long-term state and district or school savings may come from the elimination of retention due to students who would have been retained completing their schooling generally one year earlier than they would have under current law.² This may decrease state aid payments and costs for districts and schools due to slightly lower enrollment over time. Any savings will take years to come to fruition, as the students who would have been retained under current law will still need to complete grades 4-12 before enrollment is affected.

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² Current law permits mid-year promotion for retained students who demonstrate they are able to read at or above grade level during the retained school year. Mid-year promotions are guided by local policies districts and schools must develop for this purpose.