



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** H.B. 212 of the 131st G.A.                      **Date:** February 9, 2016  
**Status:** As Introduced                                      **Sponsor:** Rep. Thompson

**Local Impact Statement Procedure Required:** Yes

**Contents:** Makes changes to state achievement assessments, statewide academic content standards and model curricula, teacher and administrator evaluations, and other education provisions

### State Fiscal Highlights

- The bill requires school districts and schools to select from either the assessments administered prior to 2010 in either Iowa or Massachusetts, or a combination of both, for the elementary-level state achievement assessments. It also permits districts and schools to select the high school examinations in English language arts (ELA), mathematics, and science instead of the current seven end-of-course exams. The net fiscal effect on the state's achievement assessment system costs will depend on a variety of factors, and, as such, is highly uncertain.
- The bill also requires the State Board of Education to replace the academic content standards in ELA, mathematics, science, and social studies with new standards that are consistent with the standards adopted by Massachusetts prior to 2010. According to ODE, this will require extensive review of old support materials from Massachusetts and likely work to supplement the support materials for implementation in the field. Given what is likely to be a short period of transition, the cost of this provision is also uncertain.
- The bill's elimination of the Kindergarten Readiness Assessment will result in a reduction in GRF expenditures of about \$2.8 million annually starting in FY 2017.
- The bill's elimination of the Ohio Teacher Evaluation System (OTES) and the Ohio Principal Evaluation System (OPES) and related guidelines and requirements for all but municipal school districts (i.e., Cleveland) will result in a reduction in GRF expenditures of around \$2.2 million each year starting in FY 2017.
- The bill's elimination of the Resident Educator Summative Assessment will reduce state non-GRF expenditures from the Teacher Certification and Licensure Fund (Fund 4L20) by \$4.7 million per year starting in FY 2017.

## **Local Fiscal Highlights**

- The bill specifically states that a school district is not required to use the state academic content standards. The bill also prohibits the withholding of state funds from a district or school for failure to adopt or use the standards. In practice, however, schools and districts generally align curriculum with the state standards. Changes in standards, therefore, may result in increased spending on lesson plans, instructional materials, professional development, and technology.
  - The bill eliminates OTES and OPES and the guidelines and requirements related to those systems, allowing public districts and schools to establish local teacher and administrator evaluation policies. The fiscal effect of this provision will depend on how these entities react to the flexibility provided by the bill. However, eliminating the statewide system also may result in an increase in public district and school expenditures to establish their own internal systems to document and track evaluations.
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## **Detailed Fiscal Analysis**

### **Overview**

The bill, among other provisions, requires the replacement of the state's current academic standards and achievement assessments. Further, it eliminates the Kindergarten Readiness Assessment and the Resident Educator Summative Assessment. The bill also eliminates state-mandated guidelines and requirements for teacher and principal evaluations, allowing a district or school to conduct its own evaluations of its teachers and administrators according to its own policies. Provisions in the bill with notable fiscal effects are discussed in more detail below.

### **Provisions related to assessments**

#### **State achievement assessments**

The bill prohibits the use of the Partnership for Assessment of Readiness for College and Careers (PARCC) assessments, the Smarter Balanced assessments, or any other assessments related to or based on the Common Core State Standards (CCSS). Further, the bill requires public districts and schools to select from the assessments administered prior to 2010 in either Iowa or Massachusetts, or a combination of both, for the elementary-level assessments in English language arts (ELA), mathematics, science, and social studies. The bill also replaces the seven end-of-course examinations currently comprising a portion of the College and Work Ready Assessment System for high school students with a requirement for standards-based or norm-referenced examinations in ELA, mathematics, and science to be selected by each school district or school.

The fiscal effects of these provisions are highly uncertain, as the cost of procuring new achievement assessments will depend on the particular mix of elementary and secondary assessments selected by districts as well as negotiations with testing companies based on factors such as testing volume and scoring, reporting, and training needs. Information provided by a representative of Houghton Mifflin Harcourt, the provider of the Iowa assessments, suggests the possibility of some cost savings for the state in delivering the elementary achievement assessments. According to the representative, large-scale testing in Ohio using the pre-2010 testing forms, which are available only in paper format, would cost approximately \$7 to \$9 per student. Currently, Ohio's contract with the American Institutes for Research for Ohio's state achievement assessments calls for a cost of \$15 per content test. The Massachusetts assessments are provided by Measured Progress but owned by the Commonwealth of Massachusetts. LSC has been unable to obtain an estimate of the cost of the Massachusetts assessments.

Due to an additional requirement of the bill, the state will also incur an increase in expenditures to develop a method for comparison of the assessments used by districts and schools and for comparison of the scores on those assessments for the purposes of (1) report card ratings, (2) teacher and principal evaluations, and (3) the third-grade reading guarantee. According to Ohio Department of Education (ODE), this work will be substantial, as the content of the tests, alignment to standards, and the depth of knowledge of items and performance standards all need to be reviewed and compared to ensure validity and reliability.

State assessment system costs are primarily funded through GRF line item 200437, Student Assessment. The overall amount appropriated to this line item in the FY 2016-FY 2017 biennium is about \$60 million each year.<sup>1</sup> Federal funds also provide some support for state assessments, at about \$10.3 million per year.

#### **Interaction with federal assessments requirements**

The federal No Child Left Behind Act (NCLB) requires each state to implement a set of annual assessments in ELA, mathematics, and science that are (1) "the same academic assessments used to measure the achievement of all children," (2) "aligned with the State's challenging academic content and student academic achievement standards," and (3) participated in by all students. The recently enacted successor to NCLB, the Every Student Succeeds Act (ESSA), contains similar provisions. It is not clear whether a testing system in which each district or school unilaterally selects the

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<sup>1</sup> H.B. 64 of the 131st General Assembly authorizes the transfer in each fiscal year of unexpended and unencumbered GRF appropriations within ODE to GRF line item 200437 if the Superintendent of Public Instruction and the Director of OBM determine that additional funds are needed to fully fund the assessments. It also authorizes, with Controlling Board approval, the transfer of up to \$9.0 million cash from the Lottery Profits Education Reserve Fund (Fund 7018) to the GRF and appropriates the transferred funds for student assessments, if the transfer of unexpended and unencumbered GRF appropriations is insufficient to fully fund the cost of the assessments.

assessments to be administered complies with NCLB or ESSA. The U.S. Department of Education has a range of enforcement actions it can take should a state or district be found to be in noncompliance with these federal law provisions. Depending on the severity of the infraction, enforcement actions can include withholding all or a portion of the state's Title I funds, administrative or programmatic, which are used by districts and schools for services to economically disadvantaged students.

### **Kindergarten Readiness Assessment**

The bill eliminates the Kindergarten Readiness Assessment (KRA), which is currently required to be administered by public districts and schools. This and other elementary diagnostic assessments are used by schools to determine which students need to receive additional services in order to attain grade level performance. The 2015-2016 testing window for the KRA is past, making the 2016-2017 school year (FY 2017) the first year that the test would not be administered. In FY 2017, the KRA will be funded entirely with GRF funds through an earmark of \$2.8 million in line item 200437, Student Assessment.<sup>2</sup> Based on this appropriation level, eliminating this assessment will result in a reduction in GRF expenditures of about \$2.8 million annually.

### **Resident Educator Summative Assessment**

The Ohio Teacher Residency Program is a four-year support program for entry-level classroom teachers who hold the resident educator license or an alternative resident educator license. Those teachers must complete the program to qualify for a professional educator license. As a part of the program, those teachers must pass the Resident Educator Summative Assessment (RESA). The bill eliminates the RESA by prohibiting the residency program from requiring a teacher to pass or take such a test during the program. This change will reduce state non-GRF expenditures by \$4.7 million per year, the cost of the assessment for FY 2016. Assessment costs are paid by the state from line item 200681, Teacher Certification and Licensure, using the proceeds of educator license fees paid into the Teacher Licensure and Certification Fund (Fund 4L20).

### **New academic content standards**

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 bill prohibits the use of the CCSS and replaces them with content standards in ELA, mathematics, science, and social studies consistent with the standards adopted by Massachusetts as they

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<sup>2</sup> In FY 2016, the KRA is funded with a combination of GRF funds and federal funds in line item 200672, Early Learning Challenge – Race to the Top.

existed prior to 2010.<sup>3</sup> The bill also eliminates the current law requirement that ODE develop model curricula after developing new content standards and also prohibits ODE from developing model curricula for any of the new standards.

### **State fiscal effects**

While the bill requires the State Board to adopt the new standards by June 30, 2015, which is past, presumably the time frame for adoption will prevent the State Board from following the usual process for adopting standards. According to ODE, adopting new standards with a short period of transition will result in several additional administrative duties, the cost of which is uncertain. Those duties include (1) stakeholder review meetings and revision work to introduce the standards to the field, (2) reworking of all materials on the ODE website to share the new standards, and (3) a review of old support materials from Massachusetts and likely work to supplement the support materials for implementation in the field. Adopting these new standards may also require review and revision of Ohio's early learning standards and the Ohio Department of Higher Education's (DHE) remediation-free standards. These activities will increase ODE costs and may increase DHE's costs as well. In FY 2016 and FY 2017, \$3.8 million in annual GRF funding is specifically appropriated to ODE 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 curricula.

### **Local fiscal effects**

The bill specifically states that a school district is not required to use the state academic content standards. The bill also prohibits the withholding of state funds from a school district or school for failure to adopt or use the standards or the state assessments. In practice, however, school curriculum decisions are influenced by the state standards and assessments. The performance of students on state assessments affects schools and districts through the local report cards, eligibility of students for Educational Choice scholarships, and other means. In response to changes in state standards and assessments, therefore, schools may change curricula, lesson plans, instructional materials, professional development, and technology. Costs in these areas are generally regarded as a cost of doing business and are routinely funded in school district budgets. It may be possible for schools to redirect current funds budgeted for curriculum, instructional materials, professional development, and so on under the current standards to implement the Massachusetts standards prior to that state's adoption of the CCSS. Nevertheless, it is also possible that schools will incur new monetary costs and additional staff time to realign their curricula and teaching strategies to Massachusetts' former standards. Such costs may be higher than the costs a school experienced during the transition to the CCSS because school districts and

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<sup>3</sup> For a complete list of the Massachusetts standards, see <http://www.doe.mass.edu/frameworks/>.

community schools will have a shorter period of transition to provide professional development and complete curriculum and lesson planning revisions. School districts and community schools had a period of several years to transition to the CCSS before they were to be fully implemented in the 2013-2014 school year. In addition, it is possible that instructional materials may be more difficult or costly to procure, as most such materials produced in recent years have been aligned to the CCSS. As a result, materials aligned with Massachusetts standards may no longer be in print.

### **Teacher and principal evaluations**

The bill eliminates the Ohio Teacher Evaluation System (OTES) and the Ohio Principal Evaluation System (OPES) and the guidelines and requirements related to those systems for all but municipal school districts (i.e., Cleveland). However, it does not expressly prohibit a district or school from conducting its own evaluations of its teachers and administrators according to its own policies.<sup>4</sup>

#### **State fiscal effects**

The bill appears to eliminate the state's expenditures associated with teacher and principal evaluation systems. Currently, these expenses amount to about \$2.2 million per year, paid through an earmark of about \$1.0 million per year in GRF line item 200448, Educator Preparation, and \$1.2 million per year from GRF line item 200439, Accountability/Report Cards, for the roster verification student-teacher linkage system.

#### **Local fiscal effects**

The fiscal effect of this provision on public districts and schools will depend on how these entities react to the flexibility provided by the bill. Presumably, school systems will continue to evaluate teacher performance in some fashion. It could be that some schools experience administrative savings, depending on how or if they restructure their evaluation systems. Currently, school administrators, principals, and school-designated evaluators determine teacher evaluation ratings at certain prescribed intervals of time from teacher-submitted professional growth plans, two half-hour classroom observations, informal observations, and student academic growth ratings. The framework for evaluating principals is similar. Currently, public districts and schools may also choose to implement an alternative teacher evaluation framework that incorporates student surveys, teacher self-evaluations, peer review evaluations, student portfolios, or other components determined appropriate by the district or school. On the

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<sup>4</sup> Due to recent changes in federal law, the elimination of OTES and OPES are unlikely to result in federal consequences, as long as the state implements plans to ensure that disadvantaged and minority students are not disproportionately served by ineffective, out-of-field, or inexperienced educators. The federal Every Student Succeeds Act (ESSA), the successor to No Child Left Behind (NCLB), eliminates the federal requirement for educator evaluations. OTES and OPES were specific components included in Ohio's Elementary and Secondary Education Act (ESEA) flexibility waiver, which will expire in August 2016. It was also a key component in Ohio's federal Race to the Top grant award that came to a close earlier this fiscal year.

other hand, many districts across Ohio, because of existing law, have switched to the state-funded Electronic Teacher and Principal Evaluation System to document and track their evaluations. By eliminating a statewide process and rubric, districts may experience an increase in costs to establish their own systems for this purpose.

### **Distribution of student and teacher information**

In general, the bill stipulates that only aggregate data can be provided to the federal government, even if student or teacher personally identifiable information is required as a condition of receiving a federal grant, unless the grant recipient obtains informed written consent from the parents or guardians or the teachers, as applicable. This provision is unlikely to have a fiscal effect. Most school district data submitted to the federal government is submitted through ODE. ODE only reports aggregated counts at the state, local, and school building levels for various indicators that are required for participation in federal education programs. Yet, there are also some instances when a school district may submit data directly to the federal government without it going through ODE first. Since ODE does not manage the data collection, the extent of the school district data sent directly to the federal government on a statewide basis is unclear. Thus, LSC cannot rule out the possibility that the federal government will impose some sort of penalty for noncompliance if a grant recipient refuses to provide personally identifiable information when a federal grant requires it.