



# OHIO LEGISLATIVE SERVICE COMMISSION

*Anthony Kremer*

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## Fiscal Note & Local Impact Statement

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**Bill:** S.B. 3 of the 131st G.A.

**Date:** December 8, 2016

**Status:** As Enacted

**Sponsor:** Sens. Hite and Faber

**Local Impact Statement Procedure Required:** No

**Contents:** Changes the duration and administration of various assessments, exempts qualified school districts from state requirements, and makes changes to a variety of other education laws

### State Fiscal Highlights

- The bill's provisions with respect to property valuation adjustments could increase or decrease state foundation aid to traditional and joint vocational school districts for FY 2016 and future years, depending on the amount and direction of the adjustments.
- The bill allows chartered nonpublic schools to administer the kindergarten readiness assessment (KRA) to all kindergarten students enrolled in the school at state expense beginning in the 2018-2019 school year. As a result, this provision may increase GRF expenditures associated with the assessment starting in FY 2019.
- The bill requires the Auditor of State to conduct an operational study of all 52 educational service centers (ESCs) within three years of the effective date of the act. ESCs would be responsible for paying the costs of the study, up to a total of \$375,000 for all ESCs. The Auditor will pay any remaining costs. The results of the study may be used to determine what constitutes a "high performing" ESC for state operating funding purposes. In addition, the bill allows the Auditor to conduct a performance audit of an ESC. ESCs would be responsible for the cost of the audits.
- The bill may reduce costs to state colleges and universities by codifying legal liability limits when participating in a joint self-insurance pool, and eliminating uncertainty regarding possible future regulation and tax liability. The bill would also provide legal authorization and protections to the Inter-University Council (IUC) Insurance Consortium.

## Local Fiscal Highlights

- The bill limits the cumulative amount of time spent on preparing for and administering state assessments to 1% and 2% of the school year, respectively, though a district or school may exceed the limitations if its governing authority adopts a resolution. A district or school currently exceeding these limitations may experience an increase in costs to come into compliance or to adopt a resolution.
- The bill exempts qualified school districts from several requirements of current law, including provisions related to teacher qualifications under the third grade reading guarantee, teacher licensing, mentoring under the Ohio Teacher Residency Program, and class size restrictions. Qualified districts may realize cost savings due to reduced administrative responsibilities. Based on 2015-2016 report card data, 18 (3%) school districts would qualify for the exemptions.
- The bill requires a county auditor, in certain cases, to certify corrected valuations for the county to the Tax Commissioner and requires the Tax Commissioner to certify those valuations to the Ohio Department of Education for use in calculating state foundation aid to school districts. Traditional and joint vocational school districts could experience an increase or decrease in state foundation aid due to this provision, depending on the amount and direction of the adjustments.
- The bill requires a district or building where students are currently eligible for the traditional EdChoice Scholarship Program to continue to be designated through the 2018-2019 school year, regardless of whether the district meets the performance criteria to be removed. Thus, the bill may result in the number of students eligible for the scholarship being higher than otherwise. If so, deductions from school districts will be as well. District expenditures may be less than otherwise due to educating fewer students.
- The bill authorizes an exemption from property taxation for the Nationwide Arena in Columbus that will reduce local receipts to the city of Columbus, Franklin County, and the local public library district by a combined revenue amount up to \$1.1 million per year beginning in calendar year 2017.
- The bill requires ESCs to pay a cumulative amount of up to \$375,000 for an operational study of all 52 ESCs, to be conducted by the Auditor of State. The results of the study may be used to determine what constitutes a "high performing" ESC for state operating funding purposes. In addition, the bill allows the Auditor to conduct a performance audit of an ESC. ESCs would be responsible for the cost of the audits.

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## Detailed Fiscal Analysis

The bill makes changes to a variety of education laws. Provisions with notable fiscal effects are discussed below.

### Provisions related to assessments

#### Time limitations

Beginning in the 2017-2018 school year, the bill imposes new limitations to the duration of assessments, specifically the achievement assessments administered to students in grade 3 through grade 8, high school end-of-course examinations, and any assessments administered district- or school-wide at the local level. First, the bill requires all school districts, community schools, STEM schools, and college preparatory boarding schools to limit the cumulative time spent on the administration of state assessments to 2% of the school year. Additionally, it limits the cumulative amount of time used for taking practice or diagnostic assessments used to prepare for the aforementioned state assessments to 1% of the school year. However, a district or school may exceed these limitations if the district board or school governing authority adopts a resolution following at least one public hearing. The testing limitations do not apply to the administration of assessments to students with disabilities, diagnostic assessments related to the third grade English language arts (ELA) assessment, assessments used to identify gifted students, or alternative examinations to end-of-course examinations in American history, American government, and science, such as Advanced Placement or International Baccalaureate examinations.

Depending on the testing schedule currently in place, districts or schools may find it necessary to shorten or eliminate various local diagnostic- or achievement-based tests in order to comply with these limitations, or to pass a resolution to maintain the current schedule. In a report submitted to the General Assembly and the Governor in January 2015,<sup>1</sup> the Superintendent of Public Instruction found that the average student spends approximately 1% to 3% of the school year completing assessments, though the percent varies by grade level. For example, the report finds that kindergarteners and first graders usually spend only about 1% of the year taking assessments, but testing time for third and tenth graders typically exceeds 2.5% of the year. The Superintendent also reported that students spend an average of 1.4% of the school year preparing for assessments, though the report does not include grade-level figures. A district or school that determines it needs to shorten or eliminate assessments to comply with the mandate or decides that its governing body should hold a hearing and adopt a

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<sup>1</sup> Dr. Richard A. Ross, "Testing Report and Recommendations," Ohio Department of Education, January 15, 2015, <http://education.ohio.gov/getattachment/Topics/Testing/Sections/Related-Information/Testing-Report-and-Recommendations-2015-1.pdf.aspx>.

resolution to exceed the imposed limitations will experience an increase in costs, though these costs are not expected to exceed minimal.

### **Kindergarten readiness assessment for chartered nonpublic schools**

Beginning in the 2018-2019 school year, the bill allows chartered nonpublic schools to administer the kindergarten readiness assessment (KRA) to all kindergarten students enrolled in the school. The chief administrator of any chartered nonpublic school choosing to administer the KRA is required to notify the Superintendent of Public Instruction on or before March 31 prior to any school year it plans to administer the KRA. The bill requires ODE to pay the cost of the assessments. As a result, this provision may increase GRF expenditures associated with the assessment starting in FY 2019. In FY 2017, the KRA is funded through an earmark of \$2.8 million in GRF line item 200437, Student Assessment.

### **Diagnostic assessments made optional**

The bill also eliminates the requirement for public schools to administer certain assessments. Specifically, beginning in the 2017-2018 school year, it makes optional the administration of diagnostic assessments in math and writing for first and second graders and in writing for third graders. Districts that choose not to administer the optional diagnostic assessments will experience a further decrease in costs and may find it easier to comply with the practice or diagnostic testing limitations previously outlined.

### **College admissions assessment exemptions**

As part of the state's College and Work Ready Assessment System for high school students, the ACT or SAT college admissions exams are administered at state expense to all juniors in the spring of each school year beginning in 2017. The bill exempts from the state-funded administration of the ACT or SAT certain students with disabilities, certain limited English proficient students, and students who have earned "remediation free" scores on the ACT or SAT prior to the date of the state-funded administration. However, the bill allows a student who is not required to take the state-funded ACT or SAT to take it if they wish. If fewer students take the assessments as a result of the bill, state GRF expenditures will decrease. Costs for the assessments are paid from GRF line item 200437, Student Assessment. Under the current contracts with each test's vendor, the Ohio Department of Education (ODE) pays \$36.35 per test for the SAT and \$40 per test for the ACT.

### **Career-technical education assessments**

Unless otherwise required by federal law, the bill requires ODE to consider an industry-recognized credential or a license issued by a state agency or board for practice in a vocation that requires an examination for issuance of that license as an acceptable measure of technical skill attainment. Further, the bill prohibits ODE from requiring a student participating in a credentialing or license examination or assessment that is

aligned to the student's career-technical education program to take additional technical assessments.

According to ODE, federal law requires states to measure technical skill attainment through a valid and reliable assessment system. While Ohio uses industry-recognized credentials when an assessment is appropriately aligned to standards, most CTE programs now use end-of-course exams, as they follow strict development procedures to assure validity and reliability and they are written to established content standards, among other reasons. Further, observations by ODE staff indicate that many industry credentials are very narrow in scope and are not likely to meet the standards established by federal law for validity and reliability. Thus, the instances of an industry credential replacing CTE end-of-course exams under the bill may be limited.

However, the bill also requires ODE, in consultation with several career-technical education stakeholder groups, to develop procedures for identifying industry-recognized credentials and licenses aligned to a student's career-technical education program that can be used as an acceptable measure of technical skill and for identifying students in the process of earning such credentials and licenses. This requirement will increase ODE's administrative responsibilities.

All CTE end-of-course tests are administered electronically through a proprietary web-based application developed and administered by the Ohio State University (OSU) called WebXam. The state pays the cost of the CTE assessments using federal funds appropriated in line item 200621, Career-Technical Education Basic Grant. If fewer CTE exams are administered as a result of the bill, the state's expenditure of these federal funds may decrease. ODE paid about \$1.3 million in FY 2016 funds to OSU for the CTE assessments.

### **Exemptions for high performing school districts**

The bill exempts certain school districts from several requirements of current law, including provisions related to teacher qualifications under the third grade reading guarantee, teacher licensing, mentoring under the Ohio Teacher Residency Program, and class size restrictions. Specifically, a qualified school district would no longer be required to do the following:

- Provide an experienced teacher with specific qualifications to each student retained under the third grade reading guarantee;
- Require teachers other than special education teachers to be licensed in the grade levels in which they are teaching;
- Require an instructor to hold a valid educator license issued by the State Board, so long as the instructor is qualified based on experience. However, in addition to undergoing a criminal records check, these individuals must also be enrolled in the Retained Applicant Fingerprint Database (RAPBACK), a continuous criminal record monitoring service overseen by the Attorney General's Office (AGO), in the same manner as licensed teachers;

- Adhere to the mentoring component of the Ohio Teacher Residency Program, so long as the district utilizes a local approach to train and support new teachers;
- Adhere to any minimum or maximum class size provision in statutory law or in the State Board's rules or standards.

A school district qualifies for the above exemptions if it has received all of the following on its most recent state report card: (1) at least 85% of the total possible points for the performance index score, (2) a grade of an "A" for performance indicators met, (3) a four-year adjusted cohort graduation rate of at least 93%, and (4) a five-year adjusted cohort graduation rate of at least 95%. School districts meeting these criteria will be qualified for the exemptions for three years beginning with the school year in which the qualifying report card is issued. Based on 2015-2016 school year report card data, 18 out of 608 school districts (3.0%) would qualify for the exemptions. Accordingly, these districts may experience a decrease in costs due to reduced administrative responsibilities.

ODE will pay more in fees for the RAPBACK service if additional individuals become enrolled as a result of the bill. AGO's Bureau of Criminal Investigation (BCI) charges participating agencies an initial fee for each individual entered in RAPBACK and an ongoing annual fee per individual, both of which are \$5. ODE pays the fees from the Teacher Licensure and Certification Fund (Fund 4L20). Upon receipt, AGO deposits RAPBACK fees into the General Reimbursement Fund (Fund 1060).

### **Adjustment of tax certifications for state foundation aid**

The bill requires a county auditor to certify corrected valuations for a county, by taxing district, to the Tax Commissioner if the countywide taxable valuations certified to the Tax Commissioner for tax years 2012, 2013, and 2014 on the real property abstracts vary from the countywide aggregate amount of valuation on the tax duplicates in any of those years by an amount of more than \$30 million. Under the bill, the Tax Commissioner is then required to certify those valuations to ODE, which will then use the corrected valuation amounts to recompute state foundation aid for FY 2016 and for each year thereafter in which those valuations are used. This provision responds to a situation in which erroneous property valuations resulted from conversions to new information technology systems used by the county auditors in Licking and Richland counties. As a result, the valuations of 11 school districts in Licking County and one district in Richland County were artificially increased. However, it is possible that this provision leads to valuation increases or decreases for other school districts.

The fiscal effects resulting from this provision will depend on the amount of the valuation corrections certified. In general, a decrease in taxable value will increase the amount of state foundation aid a school district receives. While state aid may increase for the districts whose taxable property value is decreased by the corrected valuations, state aid may decrease for the many traditional districts whose taxable property value is unaffected by the bill's provision. This is due to the interaction of property values and

the nature of how certain foundation formula components are calculated. For instance, the calculated funding for components to which the state share index is applied could decrease for the districts that are not directly affected by the amendment because the statewide three-year average valuation per pupil, to which each district's valuation per pupil is compared, would be expected to decrease with the reduction in property value. This would make most school districts, whose property value per pupil does not change, look wealthier and, in turn, result in smaller state share index values. Targeted assistance and capacity aid could increase or decrease primarily because the change in valuation would affect the ranking of districts used to calculate certain threshold amounts, possibly changing them and the calculated funding in the process. However, if a district is on the formula's guarantee or subject to the gain cap, state aid may not change.

The formula for joint vocational school districts (JVSDs) is somewhat different in that it does not use a state share index mechanism like the formula for traditional districts. Instead, it relies on a uniform local charge-off rate to determine the state share of a school district's formula costs. JVSDs also do not receive targeted assistance or capacity aid. As a result, if the bill reduces a JVSD's valuation, its state foundation aid may increase. On the other hand, an increase in a JVSD's valuation may decrease its state foundation aid. Note that, in general, the formula's guarantee provisions prevent a JVSD's foundation funding from falling below its FY 2015 level in FY 2016 or FY 2017.

### **EdChoice scholarship building designations**

The traditional Educational Choice (EdChoice) Scholarship Program provides scholarships to attend participating private schools to students from low-performing public schools. Under current law, provisions prescribing new public school buildings where students are eligible for the traditional EdChoice Scholarship Program are among those subject to "safe harbor" provisions that prohibit school report card ratings for the 2014-2015, 2015-2016, and 2016-2017 school years from determining whether a school district or school is subject to certain sanctions or penalties. As a result, no new public schools will be added to the EdChoice Scholarship Program until the 2019-2020 school year under current law.<sup>2</sup> However, current law also removes the EdChoice designation for public schools that meet certain conditions indicative of good academic performance.

The bill requires a district or building where students are currently eligible for the traditional EdChoice Scholarship Program to continue to be designated through the 2018-2019 school year, regardless of whether the district meets the performance criteria to be removed. Thus, the bill may result in the number of students eligible for the scholarship being higher than otherwise. Under continuing law, traditional EdChoice

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<sup>2</sup> For the students of a building to be eligible for traditional EdChoice scholarships, the building must have met certain academic performance criteria for two of the three most recent report cards published prior to July 1 of the school year for which a scholarship is sought.

Scholarship Program 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 educating nonpublic school. In FY 2017 and subsequent years, the maximum EdChoice scholarship amount is \$4,650 for grades K-8 and \$6,000 for grades 9-12. If the number of students eligible for the scholarship is higher than otherwise, deductions from school districts will be as well. District expenditures may be less than otherwise due to educating fewer students. In FY 2016, \$87.7 million was deducted from state funding allocations of 44 school districts to fund traditional EdChoice scholarships.

## **Provisions related to higher education**

### **State college and university joint self-insurance pools**

The bill authorizes state universities and colleges to use joint self-insurance pools to provide coverage for loss or liability that occurs while engaged in university business, and certain types of property and casualty coverage. Under current law, state universities and colleges are able to provide these types of coverage through the purchase of a policy with an insurer, use of a captive insurance company,<sup>3</sup> or other type of self-insurance program "in any other manner the board [of trustees of a state college or university] considers prudent." Currently, under that guidance, 13 of the 14 state colleges and universities have organized a group self-insurance pool through the Inter-University Council (IUC) Insurance Consortium.<sup>4</sup> The IUC Insurance Consortium presently operates loosely and informally as a voluntary nonprofit association. The report filed on October 1 of last year by the Ohio Task Force on Affordability and Efficiency in Higher Education recommended that the existing statute governing state college and university insurance coverage be modified to more closely resemble the authority granted to political subdivisions.<sup>5</sup> H.B. 416 implements this recommendation.

In practice, much of what the bill explicitly authorizes has already been implemented, therefore the fiscal effect is likely limited. The IUC Insurance Consortium claims to have saved its members more than \$5 million by allowing them to fund their insurance on a group basis. This would not be changed by the bill. The most substantial fiscal effect of the bill would likely be cost savings from the elimination of uncertainty regarding possible future regulatory costs and tax liability. The bill clarifies that the Consortium is not subject to state and local taxes, or to regulation by the state Department of Insurance as an insurance company. The bill also limits the total liability

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<sup>3</sup> A captive insurance company is created and owned by a noninsurance company or organization for the purpose of insuring the owner's risks. It is subject to regulation by the Department of Insurance.

<sup>4</sup> The Ohio State University is a member of the Inter-University Council but does not participate in the Insurance Consortium.

<sup>5</sup> [https://www.ohiohighered.org/sites/ohiohighered.org/files/uploads/affordability-efficiency/Action-Steps-to-Reduce-College-Costs\\_100115.pdf](https://www.ohiohighered.org/sites/ohiohighered.org/files/uploads/affordability-efficiency/Action-Steps-to-Reduce-College-Costs_100115.pdf), p.43.



of members to the amounts payable pursuant to the written agreement for participation in the pool. These are also the key benefits of the legislation identified in the report on Affordability and Efficiency in Higher Education.

Funds for the group self-insurance pool are to be reserved from the members "as are necessary" to cover potential liabilities, loss, and damage. The required funds would be determined by an actuary, to be contracted with by the self-insurance pool. In practice, the Consortium already contracts with accountants, auditors, and actuaries who perform an annual study of the pool. Therefore, additional costs to the Consortium (and thus the members) necessary to meet the requirements of the bill, if any, will likely be minimal. Deductibles and costs of the pool to the members can be paid from state school funds. Costs to each member of funding the pool may be allocated on the basis of their relative exposure and loss experience.

The pool administrator itself would also need to be selected by the board of trustees establishing a joint self-insurance pool; the bill specifies that the board may award a contract to an administrator without the need for competitive bidding. In practice, Marsh USA currently acts as the "pool administrator."

Finally, the bill authorizes the state colleges and universities to issue bonds or notes to cover their obligations to the joint self-insurance pool. Based on correspondence with officials from the Consortium, the issuing of notes by the members to cover expenses is not expected, however it will now be explicitly allowed should significant losses cause the need to arise. This bill should not substantially change the likelihood of significant losses within a short period of time, however, the authorization to issue notes may provide additional cost coverage options to the members in such an event.

### **Workforce Grant Program**

The Workforce Grant Program was created in H.B. 340 of the 131st General Assembly to award grants of up to \$5,000 per year or 75% of the cost of tuition, whichever is less, to eligible students completing a degree, certification, or license that qualifies an individual for an in-demand job. In practice, the Department of Higher Education has not awarded any of the grants due to an issue with the program's implementation language. Current law requires the Chancellor of Higher Education to award grants directly to eligible students. This bill resolves the issue by requiring the Chancellor to disburse grant funds to the public or private institutions in which grant recipients are enrolled, which, in turn, will provide the money to qualifying students. H.B. 64 funds the grant program through an earmark of \$4.5 million each year from DPF Fund 5RA0 line item 235616, Workforce and Higher Education Programs.

## **Miscellaneous provisions**

### **Nationwide Arena property tax exemption**

The bill exempts from property taxation an arena owned by the convention facilities authority of a county with a population of more than one million people and leased to a private enterprise. The exemption applies to tax year (TY) 2016 and each tax year thereafter.

The only arena currently meeting these criteria is the Nationwide Arena owned by the Franklin County Convention Facilities Authority (FCCFA). The Columbus Board of Education (CBE) approved a resolution on December 7, 2015 that tentatively agreed to a settlement with FCCFA. In exchange for CBE's formal support for a proposed amendment to state law allowing for the exemption from real property taxation of Nationwide Arena, for TY 2016 and beyond so long as the arena is owned by FCCFA, the FCCFA will pay to CBE \$586,000 per tax year beginning with the first tax year that the Arena is exempt from taxation.

Whereas the loss in property tax receipts for CBE is permissive based on offsetting revenues and other benefits received by the school district, the other local taxing authorities will incur a revenue loss. Depending on the future valuation of the arena, Franklin County, the City of Columbus, and the local public library district will lose a combined revenue amount up to \$1.1 million per year beginning in calendar year 2017.

### **Performance audits of ESCs**

The bill generally provides express authority for the Auditor of State to conduct performance audits of educational service centers (ESCs) on the Auditor's own initiative. Continuing law requires agencies receiving a performance audit to pay for the audit's cost. ESCs would likewise be responsible for these costs. Performance audit fees paid by political subdivisions to the Auditor are deposited into the Public Audit Expense – Local Government Fund (Fund 4220). The current hourly fee charged to state agencies is a flat rate established by the Statewide Cost Allocation Plan (SWCAP), and is revised every year. The hourly rate per assigned Auditor of State employee for FY 2017 is \$68.00. Thus, the costs that ESCs will incur for these performance audits will depend on the scope of the audit that is undertaken.

The audit expenses could be paid upon receipt of the billing, or as an alternative, an ESC could make arrangements for a short-term loan to pay these expenses under a loan program that the Auditor of State operates. Specifically, this program is referred to as the Leverage for Efficiency, Accountability, and Performance (LEAP) Fund (Fund 5JZ0), a revolving loan fund used by the Auditor of State to issue loans to state agencies and political subdivisions to pay for the costs of performance audits.

### **ESC operational study**

The bill also requires the Auditor of State to conduct a comprehensive operational study of all 52 ESCs within three years after the bill's effective date. The bill requires ESCs to pay for the study, up to a total of \$375,000 for all of the ESCs combined. The Auditor would cover any costs above that amount. The bill permits the State Board of Education to use the Auditor's comprehensive operational study to determine what constitutes a "high performing" ESC. Under current law, an ESC's high-performing status determines the level of per-pupil state operating funding it receives in FY 2017 – \$27 per pupil for high-performing ESCs, the same amount that all ESCs received in FY 2016, and \$25 per pupil for other ESCs. In October 2016, the State Board designated all ESCs in the state as "high performing" pursuant to criteria established in H.B. 64 and rules adopted by the State Board. It is possible, then, as a result of the operational study that there could be a change in the number of ESCs that qualify as "high performing" for funding purposes.

### **Grades offered by STEM schools**

The bill expands the grades that a STEM school may offer to grades K-12, rather than grades 6-12 as under current law. Likewise, it also expands the grades that a community school or chartered nonpublic school granted the designation of "STEM school equivalent" may offer to grades K-12. Under current law, funding for students educated in a STEM school governed independently of any school district is deducted from the state foundation aid allocated to the resident district and transferred to the educating school. If additional students opt to attend STEM schools instead of their resident district schools as a result of the bill, deductions from school districts will increase. Districts may also experience a decrease in expenditures due to educating fewer students, depending on the number of students who attend STEM schools under the bill.

Currently, there are seven STEM schools that are governed independently from any school district. In FY 2016, STEM schools educated a total of 1,989 FTE students. For each student, STEM schools receive an opportunity grant amount of \$6,000 in FY 2017 plus additional amounts depending on certain characteristics of the student, such as if the student receives special education or is economically disadvantaged, or limited English proficient.

### **Teacher Residency Program – exemption for career-technical educators**

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. The bill exempts individuals teaching career-technical courses under an alternative resident educator license from the first two years of the program (consisting of mentoring by teachers) and from taking the performance-based assessment prescribed by the State Board of Education for resident educators, called the Resident Educator Summative Assessment (RESA). Instead, such teachers must

complete four years of successful teaching experience and complete a career-technical workforce development teacher preparation program that includes a performance-based assessment. This change may reduce state non-GRF assessment expenditures for the RESA, which are funded by line item 200681, Teacher Certification and Licensure, using the proceeds of educator license fees paid into the Teacher Licensure and Certification Fund (Fund 4L20).

However, the bill also requires ODE, in collaboration with several career-technical education stakeholder groups to establish a method for assessing if career-technical teachers teaching under an alternative educator license are qualified for a professional educator license. The new requirement will increase ODE's administrative responsibilities.

### **State Seal of Biliteracy**

The bill allows school districts, community schools, STEM schools, college-preparatory boarding schools, or chartered nonpublic schools to adopt a policy for attaching or affixing a State Seal of Biliteracy to the transcript of a student enrolled in the school who demonstrates a high level of proficiency in one or more languages in addition to English. The bill requires the State Board of Education to establish the State Seal of Biliteracy and to establish the requirements and criteria for earning the seal. The bill also requires ODE to prepare and deliver to participating schools an appropriate mechanism for assigning the seal on a student's transcript and to provide school districts and schools with any other information the State Board considers necessary for participation in the program. These new requirements will add to ODE's administrative responsibilities.

While adoption of a State Seal of Biliteracy policy is permissive, it appears that the bill requires school districts and schools to maintain records to identify students who have completed the requirements for earning the seal, regardless of whether such a policy is adopted. Thus, school districts and schools may experience a minimal increase in administrative responsibilities to maintain the records and, for districts and schools that opt to participate, to make the appropriate designation on the transcript of a qualifying student. Record-keeping duties are likely to be assigned to a guidance counselor.

The bill prohibits a district or school from charging a fee for assigning the seal on a student's transcript. However, students may be required to pay a fee to demonstrate proficiency in a language, including the cost of a standardized test to determine proficiency in that language.

### **Competitive bidding threshold for school building contracts**

The bill increases the competitive bidding threshold from \$25,000 to \$50,000 that applies to public improvement contracts, including contracts to build, repair, enlarge, improve, or demolish any school building. Overall, raising the bidding threshold may reduce the administrative and advertising costs that school boards of education incur for overseeing these contracts.

## **School facilities funding report**

The bill requires the School Facilities Commission (SFC) to submit a report to the General Assembly with regard to school districts and funding under the Classroom Facilities Assistance Program (CFAP). Specifically, the proposal must contain legislative provisions under which school districts that have not received assistance under CFAP may, upon becoming eligible for assistance under the program, apply for and receive a portion of the state funds for which they are eligible. The funds must be used for technology, building expansion, and physical alterations to improve school safety or security. This provision will increase SFC's administrative costs.

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