



OHIO LEGISLATIVE SERVICE COMMISSION

Adam Wefler and other LSC staff

Fiscal Note & Local Impact Statement

Bill: S.B. 3 of the 132nd G.A.

Status: As Reported by Senate Transportation, Commerce & Workforce

Sponsor: Sens. Beagle and Balderson

Local Impact Statement Procedure Required: No

Subject: Workforce Development Law revisions

State and Local Fiscal Highlights

- School districts that opt to offer integrated academic content courses to allow students to earn simultaneous credit under the bill may incur some costs for making necessary content changes to course curriculum. However, districts may also be able to reduce ongoing operating costs through more efficient course delivery. The Ohio Department of Education's (ODE) administrative responsibilities may increase minimally to develop a plan and guidance for schools concerning integrated coursework, as required by the bill.
- In addition, the bill increases the administrative responsibilities of ODE and other collaborating state agencies by requiring the development of (1) a framework for granting high school credit for subject area competency, (2) an OhioMeansJobs-Readiness Seal for student diplomas and transcripts, and (3) a regional workforce collaboration model. The administrative responsibilities of public districts and schools may increase to comply with the subject area competency credit framework and to implement the OhioMeansJobs-Readiness Seal.

Detailed Fiscal Analysis

K-12 education-related provisions

Credit for integrated course content

The bill allows school districts and chartered nonpublic schools to offer integrated academic content in a subject area for which the State Board of Education has adopted standards into a course in a different subject area, including a career-technical education course, in accordance with guidance for integrated coursework developed by the Ohio Department of Education (ODE). Upon completion of an integrated course and associated end-of-course examinations, a student may receive credit for both subject areas integrated into the course to meet graduation requirements. School districts that opt to offer integrated content courses may incur some costs for making necessary content changes to course curriculum. However, they may also be able to

reduce ongoing operating costs through more efficient course delivery. As noted above, the bill requires ODE, in consultation with the Department of Higher Education (DHE), and the Governor's Office of Workforce Transformation (OWT), to develop a plan and guidance for integrated coursework by July 1, 2018 to assist school districts and chartered nonpublic schools in implementing these programs. The administrative responsibilities of ODE, DHE, and OWT may increase minimally to develop the required plan and guidance.

High school credit for subject area competency

The bill requires ODE, by December 31, 2017, to develop a framework for granting high school credit to students who demonstrate competency through work-based learning experiences, internships, or cooperative education. The bill requires each school district and community school to comply with the framework beginning with the 2018-2019 school year and to review any existing subject area competency policy to identify ways to incorporate work-based learning experiences, internships, and cooperative education. Continuing law requires the State Board of Education to adopt and update a statewide plan to award high school credit based on demonstrated competency; it appears that ODE's framework under the bill is in addition to the State Board's framework.

According to ODE, students in Ohio schools may already engage in work-based learning and receive high school credit for doing so. This may be accomplished by replacing course requirements through credit flexibility or using competencies learned through such experiences in lieu of a stand-alone course, among other options. Work-based learning experiences are guided by the terms the student and parent, school, and the business agree upon, but all involve recordkeeping, training agreements, and supervision of student experiences. The bill's provisions may minimally increase the administrative workload of ODE to develop the framework for granting credit. They may also increase school district and community school administrative workloads to comply with the new framework.

OhioMeansJobs-Readiness Seal

The bill requires the Superintendent of Public Instruction, in consultation with the Chancellor of Higher Education and OWT, to establish the OhioMeansJobs-Readiness Seal for public and chartered nonpublic school students that demonstrate various work-readiness and work ethic competencies such as teamwork, problem solving, reliability, punctuality, and computer technology competency. ODE must create a standardized form to be completed by the student, which must be validated by at least three individuals, each of whom must be an employer, teacher, business mentor, community leader, faith-based leader, school leader, or coach of the student, in order for a student to qualify for the seal. Additionally, ODE must develop an appropriate mechanism for schools to assign the seal on a student's diploma and transcript and provide any additional information it deems necessary for assigning the seal. These new requirements will add to ODE's administrative responsibilities. Public districts and

schools may also experience a minimal increase in administrative responsibilities to maintain records for and implement the seal program.

Regional workforce collaboration model

The bill requires OWT, ODE, and the Chancellor of Higher Education, in consultation with business and economic development stakeholder groups, to develop a regional workforce collaboration model by December 31, 2017. This model must provide guidance on how business, economic development, and primary and secondary education stakeholders must collaborate to form a partnership to provide career services to students. The career services may include job shadowing, internships, co-ops, apprenticeships, career exploration activities, and problem-based curriculum developed in alignment with in-demand jobs. The bill tasks OWT with overseeing the creation of the partnerships, which must be located in each of the six JobsOhio regions of the state. OWT, ODE, and DHE administrative responsibilities may increase minimally as a result of these provisions.

Pre-apprenticeship programs

The bill requires ODE and the Department of Job and Family Services (ODJFS), in consultation with OWT, to establish an option for career-technical education students to participate in approved pre-apprenticeship training programs. There is likely no more than a minimal fiscal effect as a result of this provision, as it appears to primarily codify an option already available for Ohio students. Registered apprenticeship training and recognized pre-apprenticeship programs are overseen by the Ohio State Apprenticeship Council, within ODJFS. Further, ODE currently makes available on its website guidelines for implementing pre-apprenticeship programs for students.

STEAM schools

The bill permits the establishment of science, technology, engineering, arts, and mathematics (STEAM) schools as a type of science, technology, engineering, and mathematics (STEM) school and permits community schools and chartered nonpublic schools to be designated as STEAM school equivalents. The bill requires a proposal for a STEAM school or STEAM school equivalent to contain all of the same information as that of a STEM school or equivalent as well as all of the following: (1) evidence that the curriculum will integrate arts and design into the study of STEM (under current law, a STEM school or equivalent must include the "arts and humanities" in its curriculum); (2) in the case of a STEAM school, evidence that the school will operate in collaboration with a partnership that includes arts organizations (as well as institutions of higher education and businesses as under current law for STEM schools), (3) in the case of a STEAM school equivalent, evidence that the school has a working partnership with public and private entities that includes arts organizations (as well as higher education entities and business organizations as under current law for STEM schools), and (4) assurances that the school has received in-kind commitments of sustained and verifiable fiscal and in-kind support from arts organizations.

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. STEM school enrollment is not likely to change significantly as a result of the bill, as there is no funding incentive associated with a STEM or STEAM school. STEM schools are funded exactly like community schools. Under continuing law, funding for students educated in a STEM school is deducted from the state foundation aid allocated to the resident district and transferred to the educating school.

Other provisions

Certificate of Qualification for Employment

Under current law, individuals who are subject to collateral sanctions as a result of being convicted of a criminal offense may file a petition with the Department of Rehabilitation and Correction's (DRC) Division of Parole and Community Services to obtain a Certificate of Qualification for Employment (CQE).¹ If the offense was a felony, offenders must wait at least one year from the date of release of all sanctions and supervision before filing the petition. If the offense was a misdemeanor, the waiting period is six months. The bill allows DRC to establish criteria that would allow some offenders to file a petition prior to the expiration of the applicable one-year or six-month waiting period. Under current law, unchanged by the bill, DRC, after its review, forwards the petition to the appropriate court of common pleas for its consideration as to whether the petition will be granted.

As of December 2016, there were 584 CQEs granted by the courts. This provision will not create any additional petitions to be considered, but may reduce the applicable waiting period. This change carries no discernible fiscal effects for the state or any of its political subdivisions, as it simply means that some amount of DRC's and the courts' work may have to be performed somewhat sooner than might otherwise have been the case under current law.

In-Demand Jobs Week

Beginning in 2018, the bill designates the full week beginning on the first Monday in May as "In-Demand Jobs Week" and, every year during this week, requires OWT, in collaboration with ODJFS, ODE, and DHE, to organize activities to raise awareness of jobs that are in demand by Ohio employers and the requirements and benefits of those jobs. These activities must include job fairs and company tours that connect middle and high school students with local employers. Any fiscal effect

¹ A collateral sanction is a penalty or restriction that may occur as a result of criminal convictions and may prevent released offenders from obtaining certain employment or occupational licensing. A Certificate of Qualification for Employment is an order issued by a court of limited relief from certain restrictions on employment or occupational licensing.

associated with this provision is minimal, at most. OWT indicated that existing staff will organize In-Demand Jobs Week activities.

Opportunities for Ohioans with Disabilities

The bill makes changes to several definitions pertaining to the Opportunities for Ohioans with Disabilities (OOD) agency; the changes align the Revised Code with the federal definitions and will not impact the agency's current practices. Additionally, the bill requires OOD to use an order of selection when all eligible individuals with disabilities cannot be served by the vocational rehabilitation (VR) program due to limited resources. OOD has not had a wait-list for VR services since February 2015; prior to this, the agency used an order of selection, as required by federal law. Finally, the bill removes the requirement that the agency receive Controlling Board approval to release funds to be used for the agency's program to provide personal care assistance for individuals with severe physical disabilities. This may minimally reduce administrative expenses for OOD.

Workforce Innovation and Opportunity Act compliance

The bill updates language in the Revised Code to align it with the federal Workforce Innovation and Opportunity Act (WIOA), which replaced the Workforce Investment Act (WIA) of 1998. All of the language changes align the Revised Code with federal definitions and rules, and are consistent with ODJFS's current practice, thus resulting in no fiscal effect.

For example, the bill requires every local area (a specified region for workforce development purposes) to ensure the availability of a physical one-stop location called an OhioMeansJobs Center; these one-stops already exist. Each of the 20 local areas has at least one OhioMeansJobs Center, meeting the federal requirements. Furthermore, with a total of 89 OhioMeansJobs Centers, every county has one, except for Cuyahoga which has two.

WIOA background

WIOA was signed into federal law in July 2014 and reauthorized the WIA funding streams and retained the basic structure of WIA, including the use of one-stops (OhioMeansJobs Centers) to provide job related services. However, in contrast to WIA, WIOA:

- Requires a statewide plan covering program areas authorized under WIOA, including the state's workforce development strategy, and further requires services at the local level to align with regional labor market needs;²
- Specifies that local area and regional plans must be for four years and changes the requirements for written grant agreements in order to receive funding;

² Statewide workforce plan: <http://workforce.ohio.gov/Initiatives/CombinedStatePlan.aspx>.

- Implements a single set of performance measures across core program areas;³ and
- Allows states to retain 15% of WIA funds for statewide activities and administration.

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³ WIOA Program Performance: <http://jfs.ohio.gov/owd/WIOA/docs/PerformanceChart.stm>.