



OHIO LEGISLATIVE SERVICE COMMISSION

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Fiscal Note & Local Impact Statement

Bill: S.B. 216 of the 132nd G.A.

Status: As Introduced

Sponsor: Sen. Huffman

Local Impact Statement Procedure Required: No

Subject: Modifies various laws related to primary and secondary education

State & Local Fiscal Highlights

State achievement assessments

- The bill's elimination of the Kindergarten Readiness Assessment will decrease GRF expenditures by an estimated \$2.8 million annually beginning in FY 2019. Districts and schools may experience a decrease in administrative burden from no longer having to administer the assessments.
- The bill authorizes public and chartered nonpublic schools to administer the third, fourth, and fifth grade state achievement assessment in any combination of online and paper formats, potentially increasing the state's cost of the assessments in future years. State assessments are primarily funded by the GRF.

Third Grade Reading Guarantee

- The bill excludes kindergarten students from identification and intervention under the Third Grade Reading Guarantee. This provision may decrease the cost for public districts and schools to implement interventions for kindergarten students that otherwise would have been determined to be reading below grade level. On the other hand, it may also shift the identification of some students reading below grade level from kindergarten to the first grade, counteracting some or all of any savings.

College Credit Plus

- The bill may decrease public district and school expenditures for textbooks for College Credit Plus (CCP) participants in the \$3.8 million to \$5.9 million range each year by generally shifting the responsibility for 50% of the cost of such textbooks to the participants beginning in the 2018-2019 school year.
- The bill's requirement that a CCP participant enroll in lower cost courses offered at the student's school instead of a comparable course offered at a college campus may decrease the amounts deducted from school district state foundation aid to pay CCP tuition costs for public school participants.

Excessively absent students

- The bill requires public districts and schools to consider only unexcused absences when determining if a student is excessively absent from school rather than both excused and unexcused absences. If fewer students are declared excessively absent due to the bill, districts and schools may experience a decrease in administrative costs to provide various intervention services.

Teacher evaluation system

- The bill's revisions to the teacher evaluation system may increase or decrease the administrative workload of public districts and schools.

Educator licensure and employment

- District or school professional development costs will decrease due to a provision that eliminates a requirement for providers of gifted services that do not hold a license or endorsement specifically in gifted education to complete professional development in that area.
- Various provisions of the bill concerning educator license grade bands and authority to teach grades and subjects for which a person is not licensed may provide public districts and schools with additional flexibility in responding to certain staffing needs by allowing existing teachers to be placed into classrooms that previously may have required the hiring of a new teacher.
- The bill reduces the number of educational aides and paraprofessionals required to obtain a permit or license, decreasing license fee revenue to the State Board of Education Licensure Fund (Fund 4L20). Costs for districts and schools to ensure applicants for the positions meet minimum qualifications and to pay for special training or education courses may also decrease. However, districts and schools could incur costs if they choose to develop their own system to track any criminal arrests and convictions of its employees since fewer of these individuals would participate in the existing RAPBACK criminal record monitoring service.

Special education preschool staffing

- Personnel costs for districts and schools may increase to comply with the bill's reduction in the minimum staffing ratio for preschool children with disabilities enrolled in half-day center-based preschools to one full-time staff member for every 12 children, rather than 16 under current law.

Reading improvement plans

- An estimated additional 421 school districts and 86 community schools will incur what are likely to be minimal costs to develop and implement a reading improvement plan due to the bill's requirement that districts and schools with a proficiency rate of 80% or less on the third grade English language arts assessment establish the plans.

Detailed Fiscal Analysis

The bill makes many changes to a variety of laws governing primary and secondary education, including state achievement assessments, the College Credit Plus Program, excessively absent students, teacher evaluations, and educator licensure and employment, among others. A number of provisions in the bill may reduce costs or administrative duties for the state and public districts and schools while a few others may increase them. Provisions in the bill with a notable fiscal effect are discussed in more detail below.

Provisions related to state achievement assessments

Kindergarten readiness assessment eliminated; effect on Third Grade Reading Guarantee

The bill eliminates the Kindergarten Readiness Assessment (KRA). The KRA is a state-funded diagnostic assessment administered to first-time kindergarten students at the beginning of each school year that measures early learning skills in mathematics, language and literacy, physical well-being, motor development, and social and emotional development. Eliminating the KRA will reduce GRF expenditures by an estimated \$2.8 million annually beginning in FY 2019, based on the current amount earmarked for the assessments each year from GRF line item 200437, Student Assessment. Districts and schools may experience a decrease in administrative burden from no longer having to administer the assessments.

In addition, the bill eliminates the inclusion of kindergartners in identification and intervention for the Third Grade Reading Guarantee, which may decrease costs for school districts and community schools to provide intensive reading services to and develop reading improvement and monitoring plans for kindergarten students that otherwise would be determined to be reading below grade level. On the other hand, since the identification and service requirements of the Guarantee remain unchanged for students in grades one through three, this provision may simply shift the identification of some students reading below grade level from kindergarten to the first grade, counteracting some or all of any savings. As a point of reference, Ohio Department of Education (ODE) data on the results of the language and literacy portion of the KRA for the 2016-2017 school year indicate that about 44,500 (37.7%) kindergarten students were designated as not on track for reading at grade level. Note that while the KRA is currently one option for districts and schools to use in assessing kindergarten students for the purposes of the Guarantee, they may also administer a state-developed "screener" or state-approved comparable tools for reading screening.

Paper and online administration of certain state assessments

Currently, public districts and schools are generally expected to administer all state assessments online. According to ODE, districts and schools that demonstrate a lack of infrastructure to test all students online must apply to the Department for an exception. In contrast, the bill authorizes public and chartered nonpublic schools to

administer in a paper format any state achievement assessment administered in the third, fourth, or fifth grade. The bill also allows a district or school to administer any of those assessments in any combination of online and paper formats and to administer them in a particular format on a student-by-student basis and expressly states that a district or school may not be required to administer any of those assessments in an online format. In the short term, there appears to be no fiscal effect on the state's assessment costs to administer these tests in paper format since Ohio's current assessment contract calls for a cost of \$13 per content test, regardless of whether the test is delivered online or in paper format. However, there may be some additional workload for ODE to coordinate with districts and schools and the testing vendor concerning the mix of paper and online tests administered in each school. In addition, over the long term, paper tests tend to be more expensive than computer-based assessments due to additional printing, shipping, and test security costs. The state's assessment costs are primarily funded by the GRF.

Assessment analysis and assistance

The bill requires ODE to request the American Institutes for Research (AIR) to provide an analysis explaining how questions on each of the state achievement assessments are aligned to the statewide academic content standards. The analysis must be provided to all school districts and schools for all grade levels for which assessments are prescribed. Additionally, the bill requires that ODE request AIR to provide information and materials to school districts and schools for assistance with the state achievement assessments, including practice assessments, study guides, and other preparatory materials. The analysis must be produced and the information and materials must be distributed to districts and schools annually beginning with the 2018-2019 school year. This provision may increase the state's assessment contract cost if this work is not already being performed by AIR. Presumably, any additional cost would depend on negotiations between the state and the testing company.

College Credit Plus

Overview

The College Credit Plus (CCP) Program allows both public and nonpublic high school students to attend classes at postsecondary education institutions and earn both high school and college credits at state expense. Public high school students participating in CCP are counted in their resident districts' enrollment for funding purposes and the tuition amounts for the college classes the student attends are deducted from the educating districts' state aid to pay for the program. For nonpublic high school students, the costs of taking college classes under CCP are paid by an earmark of GRF line item 200511, Auxiliary Services and from a portion of line item 200659, Auxiliary Services Reimbursement. The bill may reduce a school district's costs associated with CCP in several ways, as described below.

Textbooks

In general, the bill changes the way textbook costs are paid for students who participate in CCP beginning with the 2018-2019 school year. Under current law, a participant's secondary school is generally responsible for textbook costs unless the secondary school and the college have entered into an alternative payment structure. Under the bill, participants enrolled in a public, nonpublic, or chartered nonpublic school must pay 50% of the cost of all required textbooks, and the secondary school must pay for the other 50%. However, the participant's secondary school will pay 100% of the required textbook costs for economically disadvantaged participants.

Shifting responsibility for 50% of the cost of textbooks to participants will likely result in a substantial savings for school districts. The total amount paid by public districts and schools for CCP textbooks is uncertain, as postsecondary institutions bill the participant's high school for textbooks directly.¹ Nevertheless, total textbook costs for public school, noneconomically disadvantaged CCP participants are estimated to be between \$7.6 million and \$11.8 million each year, based on the total number of CCP credit hours attempted in the 2015-2016 school year (480,972), the percentage of CCP participants from public schools (95.3%), the percentage of participants that are not economically disadvantaged (between 55% and 85%, based on the percentage of CCP participants identified as economically disadvantaged and the statewide percentage of students in grades K-12 who are economically disadvantaged; note that economic status is unknown for about 46% of CCP participants), and an average cost for textbooks of roughly \$900 per year per student, equating to about \$30 per credit hour, based on various reports published by the National Association of College Stores, *Student Monitor*, and the College Board. The estimated savings due to this provision would be 50% of the total cost, which is between \$3.8 million and \$5.9 million. Actual savings may be less depending on the textbook arrangements included in the alternative agreements that may be entered into by institutions and secondary schools.

Comparable course delivery

The bill prohibits a CCP participant from enrolling in a course at a college campus or online if a comparable course is offered at the participant's secondary school unless the course at the secondary school is full. Under continuing law, the formula for CCP payments calculates per credit hour "default ceiling" and "default floor" amounts in each fiscal year based on the per-pupil formula amount and that correspond to certain methods of course delivery and instruction. The FY 2018 payment rates range from about \$42 (default floor) to \$166 (default ceiling) per credit hour. The amount paid to a college for a course offered at the participant's secondary school (either the default floor for courses taught by an appropriately credentialed high school teacher or 50% of

¹ According to the Department of Higher Education, postsecondary institutions and secondary schools have developed a number of different purchasing systems to provide textbooks to participants, including vouchers, district or school purchases of an inventory of books that students borrow, and agreements with college bookstores to invoice the district or school.

the default ceiling for courses taught by college faculty) is less than the amount paid for a course offered at a college campus or online (paid the default ceiling rate). Thus, this provision may reduce the amounts deducted from school district state foundation aid allocations to pay CCP tuition costs for public school participants.

Study on results and cost-effectiveness

The bill requires ODE to conduct a study on CCP's results and cost-effectiveness and submit its findings not later than one year after the bill's effective date to the Governor, Chancellor of Higher Education, each member of the General Assembly, and the superintendent of each school district and educational service center (ESC). The study must include the cost-effectiveness for secondary schools and participants and whether participants in CCP save money on college tuition and reduce the amount of time to degree completion. ODE's administrative workload will increase to conduct the study.

Excessively absent students

Current law specifies that a school district or school must consider a student's *excused and unexcused* absences when determining whether a student is excessively absent from school.² Under the bill, school districts and schools are required to consider only *unexcused* absences when determining if a student is excessively absent. Under continuing law, when a student becomes excessively absent from school, the district or school must notify the student's parent, guardian, or custodian of those absences, in writing, within seven days of the most recent triggering absence. In addition, school districts with a chronic absenteeism percentage of 5% or more must assign excessively absent students to an absence intervention team and develop an intervention plan for the student, with the aim of reducing or eliminating further absences. Statewide, 543 (89.3%) school districts have a chronic absenteeism percentage equal to or greater than 5%, according to the report cards for the 2016-2017 school year. School districts that are exempt from the absence intervention plan process (districts with a chronic absenteeism percentage of less than 5%) must instead implement any appropriate intervention strategy contained in the district's or school's policy on addressing and ameliorating student absences.

Under the bill, school districts subject to the absence intervention plan process may need to complete that process for fewer students, which may result in a decrease in administrative costs to carry out those responsibilities. School districts that are exempt from the absence intervention plan process may also experience a decrease in administrative costs to implement other intervention strategies for chronically absent students. Likewise, juvenile courts caseloads may decrease if the bill's changes lead to fewer students referred to the juvenile court system for excessive absences. Due to data limitations, the magnitude of this provision is unclear.

² The threshold for a student to be declared "excessively absent from school" is when a student's absences exceed 38 or more hours in one school month or 65 or more hours in a school year.

Teacher evaluation system

The bill makes a number of changes to the Ohio Teacher Evaluation System (OTES) based on the January 2017 recommendations made by the Educator Standards Board for revising the system.³ Notably, the bill:

- Requires ODE to revise the state framework for OTES based on those recommendations and requires the State Board of Education to adopt the revised framework by May 1, 2018, and each district board, by July 1, 2018, to update its teacher evaluation policies to conform to the updated framework;
- Eliminates a requirement that 50% of an evaluation consist of value-added student data and replaces it with "high-quality student data" derived from student assessment instruments approved by each district board;
- Requires development of professional growth or improvement plans for teachers based on the results of the evaluation;
- Eliminates shared attribution of performance data among all teachers in a district, building, grade, content area, or group;
- Eliminates an option for districts to formally observe an "accomplished" teacher only once (instead of the general requirement of twice) as part of the teacher's evaluation if the teacher meets certain requirements;
- Eliminates the alternative framework for the evaluation of teachers; and
- Requires ODE to provide guidance to districts on various aspects of the revised evaluation system.

These provisions are not likely to have a substantial effect on ODE's costs to implement and maintain OTES, as the Department indicated that it would likely continue to produce teacher value-added reports due to the valuable information they contain. State funding for OTES is spread throughout various GRF and non-GRF earmarks in ODE's budget.

Public districts and schools may experience an increase or decrease in administrative workload associated with these provisions. For example, a district's workload may increase to identify and approve student assessment instruments for use in the system, to develop performance measures based on assessment data, and to train educators on the revised system. However, a representative of the Buckeye Association of School Administrators suggests that eliminating the value-added progress dimension as an OTES component may reduce the amount of time spent by teachers creating student learning objectives that measure student progress in subjects or grades lacking

³ Jacques, Catherine, Jessica Giffin, and Amy Potemski, "Ohio Educator Standards Board Recommendations for Revising the Ohio Teacher Evaluation System," January 2017, accessible online at http://education.ohio.gov/getattachment/Topics/Teaching/Educator-Standards-Board/OTES-Recommendations-By-ESB_Jan2017_FINAL.pdf.aspx.

state assessments or other approved assessments, as student learning objectives would no longer be necessary.

Workload may also increase for districts and schools to develop professional growth or improvement plans and to ensure teachers are making progress on those plans and, for the districts and schools that have elected to formally observe "accomplished" teachers once as under current law, to observe those teachers twice. Lastly, the bill's removal of the alternative framework may result in additional work for districts and schools that were using the alternative framework to comply with the requirements of the revised framework. According to ODE, 41 school districts and 25 community schools are currently using the alternative framework to evaluate teachers.

Professional development for certain gifted services providers

The bill prohibits the State Board of Education from adopting an administrative rule that requires a licensed educator who is a designated provider of gifted services, but does not hold a license or endorsement specifically in gifted education, to complete professional development related to gifted education. Under the State Board's current rules, a designated provider of gifted services with a license in general education must participate in 30 hours of professional development related to gifted education from an educator licensed or endorsed in gifted education during their first and second year, and must participate in additional hours each year thereafter, as determined by the district or school. As a result of this provision, school districts' professional development costs may decrease.

Educator license grade bands

The bill requires the State Board to specify whether an educator is licensed to teach grades kindergarten through eight or grades six through twelve when issuing resident, professional, senior professional, and lead professional educator licenses. Current law does not require educator licenses to be issued for particular grade bands, but the State Board's rules specify that licenses be issued for "Early Childhood" (grades pre-kindergarten through three), "Middle Childhood" (grades four through nine in named curriculum areas), and "Adolescence through Adult" (grades seven through twelve in named curriculum areas). This provision may provide public districts and schools with additional flexibility in responding to certain staffing needs.

Teacher employment for any subject area or grade level

The bill allows school district superintendents to employ licensed teachers to teach a subject area or grade level for which the teacher is not licensed. This additional flexibility, at the discretion of the superintendent, could place existing teachers into classrooms that would previously have required the hiring of a new teacher. One factor to consider is that the federal Elementary and Secondary Education Act (ESEA) requires state plans for Title I funds to contain assurances that teachers working in

Title I-supported programs meet state licensure requirements.⁴ Thus, placing teachers outside the subject area or grade level for which a teacher is licensed may put Ohio at risk for certain federal sanctions. The U.S. Department of Education may impose a range of enforcement actions for noncompliance, including placing a state's Title I, Part A grant on high-risk status, withholding Title I, Part A state administrative funds, or, in what is likely to be the most severe option, withholding Title I, Part A programmatic funds.

Education aide permits and educational paraprofessional licenses

Current law requires an "educational assistant" nonteaching employee, such as an educational aide or paraprofessional, to have a permit or license in order to directly assist a teacher in a school district, whether they work in a federally funded program or not. In general, the bill applies the permit or licensure requirement only to those aides and paraprofessionals who work in a district in a federally funded program. The bill also removes current law specifications for applicants for an educational aide permit or paraprofessional license, including minimum qualifications of education, health, and character and special training or educational courses designed to qualify a person to be an aide or paraprofessional.

According to ODE, about 19,000 educational aides and paraprofessionals were employed during the 2016-2017 school year. Of these, about 3,600 worked in a federally funded program and must maintain their permits and licenses. The remainder, about 15,400 individuals, would not need a permit or license. Educational aides currently pay a fee of \$25 for a one-year permit or \$100 for a four-year permit while paraprofessionals pay \$200 for a five-year license, or an average of \$40 per year. Depending on the mix of educational aides and paraprofessionals that would forego permits or licenses, the State Board of Education Licensure Fund (Fund 4L20) may lose up to \$400,000 to \$600,000 in fee revenue on an average annualized basis due to the bill.

Costs for districts and schools to ensure applicants for an educational aide permit or paraprofessional license meet the minimum qualifications and to pay for special training or education courses may decrease as a result of the bill. In addition, since educational aides and paraprofessionals not working in a federally funded program will no longer need permits or licenses under the bill, individuals foregoing the credentials will also not be enrolled in the Bureau of Criminal Investigation's RAPBACK continuous criminal record monitoring system, which ODE uses to notify school districts of criminal arrests and convictions. As a result of the bill, districts and schools may incur additional costs if they choose to develop systems to track criminal arrests and convictions of their employees.

⁴ 20 U.S.C. 6311(g)(2)(J).

Substitute teacher licenses

Current law requires the State Board to issue educator licenses for substitute teaching that are valid for one year, five years, and any other length of time up to five years as determined by the State Board. Applicants may choose a short-term license, which requires an individual to hold a postsecondary degree and allows the individual to teach for up to 60 school days in a given school year, or a long-term license, which requires an individual to hold a postsecondary degree that meets certain coursework requirements and allows the individual to teach for periods longer than 60 days.

The bill requires the State Board to adopt new rules establishing standards and requirements for obtaining an educator license for substitute teaching and requires the State Board to begin issuing educator licenses for substitute teaching under these new rules on July 1, 2018. Under the new rules, there would be a single substitute license that would not restrict the number of school days that the holder of the license may work and would not require an applicant to hold a postsecondary degree in any specified subject area. The bill specifies that any license that is issued or renewed under current law and is still in force on the bill's effective date must remain in force for the remainder of the term for which it was issued or renewed. At the end of that term, the license holder is subject to the bill's requirements for licensure.

Under the bill, more individuals may qualify for and obtain a substitute teaching license due to less stringent criteria. If so, Fund 4L20 may gain license fee revenue while ODE's administrative responsibilities may increase to process additional applications, both of which would depend on the rules the State Board adopts to govern the issuance and renewal of the licenses. Currently, substitute teachers pay \$25 for a one-year license or \$125 for a five-year license. This provision may also provide a larger pool of individuals for school districts to choose from to fill staffing needs.

Special education preschool staffing

The bill changes staffing ratios for preschool children with disabilities enrolled in half-day center-based preschools by requiring one full-time staff member for every 12 children, rather than 16 under current law. Essentially, the bill reverses a provision in H.B. 49 of the 132nd General Assembly that also adjusted this staffing ratio. The bill maintains the current law requirement for one full-time staff member for every eight full-day preschool children enrolled in such a program.

This provision will increase the number of adults required for half-day preschool special education classrooms, and the associated personnel cost, for preschools that have already decreased the number of preschool staff for preschool special education classrooms in response to the larger staffing ratio in H.B. 49. According to ODE, there are 502 half-day center-based preschools that serve children with disabilities, but there is no way to determine the current number of those that have made a staffing adjustment in response to H.B. 49.

Reading improvement plans

Beginning with the 2017-2018 school year, the bill requires a school district, community school, or STEM school in which less than 80% of its students attain proficient scores on the third grade English language arts (ELA) assessment to establish a reading improvement plan supported by reading specialists. The reading improvement plan must be approved by the district's board of education or school's governing authority or body prior to implementation. Current law already requires a school district or community school with a grade of "D" or "F" on the literacy progress measure and less than 60% of students scoring proficient on the third grade ELA assessment to implement a reading improvement plan.

Based on the 2016-2017 report card grades, the provision would result in 421 additional school districts and 86 new community schools that will need to establish a reading improvement plan. The bill's requirement may result in what is likely to be a minimal increase in costs for qualifying districts and schools to develop the plans, which may require hiring an outside consulting service. According to the Buckeye Association of School Administrators, this assistance may be available from the ESC with which the district currently contracts.

School mandate reports

The bill requires ODE to establish a school mandate report for school districts on the following topics: (1) staff training on the use of physical restraint or seclusion on students, (2) staff training on harassment, intimidation, or bullying, (3) staff training on the use of cardiopulmonary resuscitation and automated external defibrillators, (4) the establishment of a wellness committee, (5) the establishment and review of school emergency management plans, and (6) the reporting of compliance with nutritional standards. Prior to the end of each school year, each district or school must complete and file a school mandate report that specifies whether the district or school has or has not complied with the requirements contained within each item. A district or school that specifies it has not complied with the requirements of an item must submit to the school district board, within 30 days, a written explanation and a written plan of action for accurately and efficiently addressing the problem. This new requirement will result in an increase in administrative responsibilities for school districts and schools to complete and file the reports and for ODE to administer them.