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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 154  
(1\_133\_0935-2)  
133rd General Assembly

## Fiscal Note & Local Impact Statement

[Click here for H.B. 154's Bill Analysis](#)

**Version:** In House Primary and Secondary Education

**Primary Sponsors:** Reps. J. Miller and Jones

**Local Impact Statement Procedure Required:** Yes

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### Highlights

- The bill's prohibition on new academic distress commissions (ADCs) and elimination of current ADCs may lower Ohio Department of Education (ODE) expenditures by approximately \$1.17 million in FY 2020 and \$1.76 million in FY 2021 with annual savings increasing each year because the state will no longer need to pay the salary of the chief executive officer (CEO) of an ADC.
- These state savings may be offset somewhat by costs associated with additional supports and assistance that ODE must or may provide certain districts under the bill.
- Operational and administrative costs for schools designated as "in need of improvement" may increase. The bill requires improvement teams made up of teachers and administrators to conduct performance audits and develop, implement, and monitor the progress of school improvement plans.
- School districts that currently are or would have become subject to an ADC under current law may have higher revenues and expenditures under the bill, as fewer students in the districts may qualify for scholarships under the traditional Educational Choice Scholarship Program. If a student receives a scholarship, the district does not incur the expense of educating the student and funding is deducted from the district's state aid.

### Detailed Analysis

The bill dissolves existing academic distress commissions (ADCs); returns managerial, operational, and instructional authority to the affected districts' boards of education; and repeals the law for the establishment of ADCs, effectively prohibiting the creation of any new ADCs. Instead, the bill requires school buildings receiving an overall grade of "F" on the report card for the previous school year (resulting in a designation of "in need of improvement") to

establish an improvement team to conduct a performance audit in conjunction with community stakeholders, develop a multi-tiered, evidence-based improvement plan, and, if receiving an overall grade of “F” for a second consecutive year, to implement the improvement plan. Please refer to [LSC’s comparative analysis](#) for a more detailed description of the substitute bill’s provisions.

## Ohio Department of Education

Under current law, the state pays the compensation of an ADC’s CEO. According to the Ohio Department of Education (ODE), total annual compensation for each of the current CEOs is estimated at \$305,000 in FY 2019 and is expected to increase to approximately \$352,000 in future years. There are currently three established ADCs and, under current law, ODE expects a fourth ADC to be established in FY 2020 and an additional three ADCs to be established in FY 2021. During the year in which an ADC is established, ODE estimates paying about  $\frac{1}{3}$  of the annual compensation cost. Therefore, total state costs under current law for CEO compensation are estimated to be approximately \$1.17 million in FY 2020 and \$1.76 million in FY 2021.<sup>1</sup> Presumably these costs will increase each year as CEO compensation increases and the number of ADCs potentially increases. The bill’s elimination of existing ADCs and prohibition on new ADCs will decrease state expenditures by these amounts.

The bill may increase the administrative costs of ODE to provide certain supports and assistance to districts under “in need of improvement” status. Under the bill, improvement teams may request technical support from ODE during development or implementation of the plan. The bill also permits ODE to perform a mid-year and end-of-year review of improvement plans for buildings with three consecutive “in need of improvement” designations and requires ODE to adopt rules and establish criteria for when the Superintendent of Public Instruction may move a school building out of “in need of improvement” status. Additionally, the bill requires the Superintendent to review the progress of an improvement plan for school buildings with a fourth “in need of improvement” designation and to convene a meeting of stakeholders to determine the best method of support for schools that fail to meet improvement benchmarks. Any additional state costs will depend on the number of school buildings that retain “in need of improvement status” from year to year, the extent to which improvement teams request ODE support, and whether ODE chooses to perform mid-year or end-of-year reviews.

## School districts

### School improvement teams

The bill requires a school district to establish a school improvement team for all school buildings designated as “in need of improvement,” requires these teams to consist of teachers and administrators, and permits them to include community stakeholders. This provision may increase staff workload and district costs, depending on implementation decisions. The bill requires a school improvement team, in the first year of the “in need of improvement” designation, to convene a group of community stakeholders to conduct a performance audit and to develop a multi-tiered, evidence-based improvement plan. In the second consecutive

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<sup>1</sup>  $(3 \text{ ADCs} \times \$352,000) + (1 \text{ ADC} \times \frac{1}{3} \times \$352,000) = \$1.17 \text{ million in FY 2020}; (4 \text{ ADCs} \times \$352,000) + (3 \text{ ADCs} \times \frac{1}{3} \times \$352,000) = \$1.76 \text{ million in FY 2021.}$

year with that designation, the improvement team must begin implementing the improvement plan and monitoring its progress and may hire an academic coordinator for the school or request technical assistance from ODE. In the third and fourth consecutive years the building is designated, the improvement team must continue implementing the plan with oversight from the district board. Under the bill, these provisions go into effect in July 2019 for each school building within a district previously subject to an ADC and designated as “in need of improvement” and in July 2020 for each school building in districts not previously subject to an ADC that receive the designation.

### **Community Learning Center (CLC) option**

The bill permits an improvement team to recommend the district voluntarily initiate a CLC model for the school. A district board that opts to implement a CLC model may incur increased operating costs. The CLC model could include activities such as mentoring, arts programs, college access services, and, among others, mental health supports. CLCs are broad in scope and thus, the costs of operation will depend on an individual school building’s unique community needs and, if chosen, the CLC model the school and community use to meet those needs.

Some districts, such as Cincinnati Public Schools (CPS), already utilize CLCs and have entered into agreements with community partners to implement a CLC. CPS provides an illustrative example of how the costs of implementing a CLC can vary depending on the type and scale of a CLC and the level of involvement of local partners. Since launching in 2002, Cincinnati’s CLC model has received support from over 600 local partners that have provided greater than \$1 million in services to CPS students and families.<sup>2</sup> CPS has also leveraged federal funding to support these initiatives and entered into agreements with local service providers to use Cincinnati Public School facilities. A district’s location may also play a role in a decision to implement, and any resulting costs of, a CLC. Districts and schools in nonurban areas may not have as many available community partners or funding sources. Partnering with local alcohol, drug and mental health (ADAMH) boards could be an option for these types of schools. As such, any costs to school districts and buildings will depend on the CLC model chosen for implementation, the availability of local partners, and the availability of funding support.

### **Educational Choice Scholarship**

Current law qualifies all residents of a district with an ADC to participate in the Educational Choice Scholarship Program. Under the program, students may obtain scholarships to attend chartered nonpublic schools. The scholarships are funded through deductions from a school district’s state aid. As a result of the bill’s provisions dissolving current ADCs and prohibiting new ADCs, there may be fewer scholarship students in such districts, resulting in higher expenditures for the district to educate the students as well as higher revenues from the state.

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<sup>2</sup> Community Learning Centers <https://www.cps-k12.org/community/clc>.

## Synopsis of Fiscal Effect Changes

In general, the substitute bill (I\_133\_0935-2) replaces the requirement in the As Introduced (previous) bill that “low-performing” school buildings, as determined by ODE, transition to a CLC model with a requirement for a district board of education to establish a school improvement team for each school building that received an overall grade of “F” for the previous school year and prescribes actions similar to those of a CLC school improvement team (under the substitute bill, the school improvement team must develop and potentially implement a school improvement plan; the team may recommend that the district board voluntarily initiate a CLC model as part of the plan). Accordingly, the substitute bill also replaces a requirement in the As Introduced bill that a designated school hire a resource coordinator (who was permitted to be an existing district employee or an individual outside the district) with an option to hire an academic coordinator. Any differences in fiscal effect between the bills due to the differing interventions depend on the implementation decisions made by school districts.

The substitute bill also changes the timing with which interventions are implemented by requiring the implementation of an improvement plan beginning after the second year the district is designated because of low performance, rather than requiring implementation of a mandatory CLC model after the third year the district would have been designated under the As Introduced bill. On the other hand, the substitute bill delays the date the bill’s provisions apply to districts not previously subject to an ADC from July 1, 2019 to July 1, 2020.

The substitute bill removes some duties and permissive activities of ODE or the Superintendent of Public Instruction in the As Introduced bill while creating others, potentially increasing or decreasing ODE’s administrative costs depending on implementation decisions.