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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Office

H.B. 200
134th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsors: Reps. Jones and Robinson

Local Impact Statement Procedure Required: No

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Highlights

- Initial costs for the Ohio Department of Education (ODE) to implement the bill's revised report card system may be in the range of \$600,000 to \$800,000, potentially rising to \$1.5 million to \$2.0 million if new software is required, but will depend on implementation decisions. Ongoing costs to run the report card application are expected to be similar to the current system but could rise if additional software is needed.
- The revised rating system may change the number of school districts and buildings subject to various sanctions for low performance or that qualify for various privileges for high performance, which, in turn, may affect school district and other public school costs.

Detailed Analysis

The bill replaces the current law letter grade report card system with a system of six performance ratings that range from "significantly exceeds expectations" to "in need of support" beginning with the report cards for the 2021-2022 school year. Under the bill, these new ratings are issued for each component of the report card, similar to current law, however the Prepared for Success component is eliminated (though somewhat similar data is reported separately) and the issuance of overall ratings is prohibited. The bill also substitutes the use of the bill's performance ratings for letter grades in other education-related provisions that use the letter grade system as a trigger for certain state interventions and sanctions for low performance or privileges for high performance. It also designates an additional range of scores ("approaching proficient level of skill") on the state K-8 achievement assessments and the high school end-of-course examinations. A complete description of the bill's changes is given in the [LSC bill analysis](#).

Revised report card system implementation costs

The administrative workload and costs of the Ohio Department of Education (ODE) will increase to implement the bill's new school district and building performance rating system. The scope of these costs will depend on specific implementation decisions made by ODE and the State Board of Education, as the bill provides some discretion in how certain report card elements are conveyed or executed. Much, if not all, of the underlying performance data specified in the bill appears to be collected by ODE under current law. Once initial development of the new system is complete, the annual operational costs of the system are likely to be about the same as they would be under current law, but would likely rise if new reporting software is needed. Costs would also depend on the implementation timeline, with ODE suggesting 12 to 15 months would be needed to implement the new system.

As a point of reference, ODE reported that the implementation of the current letter grade report card system pursuant to H.B. 555 of the 129th General Assembly cost over \$1.3 million from FY 2013 to FY 2015, including approximately \$800,000 in labor costs and over \$500,000 in new software.¹ Based on this information, a rough estimate of the initial implementation cost is similarly around \$600,000 to \$800,000 for labor, with overall costs potentially rising to \$1.5 million to \$2.0 million if additional software is needed, according to information provided by ODE. Since the implementation of the current letter grade system, ODE has shifted the information technology application used to generate and present the report cards to a cloud-based solution. Any additional costs will depend on if this system can implement the bill's requirements or needs upgrades to do so. Under current practice, ODE presents a printable version of a school's or district's report card overview, which could similarly report the new performance rating overview. However, the bill also requires ODE to report three-year performance trend data with a line graph presented next to the school's or district's performance rating on an electronic or printed version of the report card. ODE reports that the bill's addition of the line graph in printable form would require software upgrades, and potentially contracted work, that may increase overall implementation costs of the new system to the \$1.5 million to \$2.0 million figure cited above. There may also be increased administrative costs for public districts and schools and other state entities to report (and for ODE to collect) any additional data that may be necessary to produce the new report cards.

H.B. 166 of the 133rd General Assembly, the current main operating budget act, appropriates \$7.6 million in FY 2021 from GRF appropriation item 200439, Accountability/Report Cards, to support the development and distribution of school and district report cards, as well as to train educators and specialists in the use of the value-added progress dimension, and provide other related reports. Additional appropriation is used for data collection.

School district and school effects

Provisions contingent on report card results

The effects of the bill's revised performance rating system on school districts and buildings may be wide ranging because current law relies on school district and school building

¹ Costs for labor included the hiring of one additional staff person and one contractor. The new software was funded by the federal Statewide Longitudinal Data Systems Grant Program.

letter grades to prescribe various sanctions for low-performing districts and schools and various privileges for high-performing districts and schools. Examples include the creation of academic distress commissions (ADCs), state interventions for school improvement purposes, locations of start-up community schools, automatic closure of certain community schools, submission of reading improvement plans, exemptions from certain state mandates and certain teacher qualification requirements, and more.

The bill revises provisions that are contingent on report card results to align with the new performance rating system. Thus, the bill's changes, in turn, may lead to changes in school district and other public school costs. With the bill's prohibition on overall ratings, new triggers are used. For example, in the case of a district that receives an overall "F" for three consecutive years and is thus subject to an ADC, the equivalent trigger under the bill is receiving a rating of "in need of support" on at least four performance measures for four consecutive years. The additional year may result in fewer ADCs being established. Other triggers are often based on a threshold of 50% of a certain rating on the report card measures. Additionally, if more districts were to qualify for exemptions from certain state requirements, such districts would be provided with more flexibility, which may lower district compliance costs as well as state costs or workload related to oversight. Since the definition of expectations for each rating is dependent on the rules established by ODE and the State Board, the effects related to ADC creation and other provisions for which a performance rating under the new system is substituted will ultimately depend on how each of the expectation thresholds are defined.

Performance index and component calculation changes

The bill's change to the performance index calculation may also have effects on school districts. Under current law, a district's score is based on the percentage of total possible points on the performance index, which is 120. Under the bill, a district's score is calculated by dividing its performance score by the maximum performance index score for the 2018-2019 school year, which is defined as the average of the highest 10% of scores by a district or building that year. In addition, the bill adds a sixth range of scores on the state tests, labeled "approaching proficient level of skill," situated between the basic and proficient skill levels and prescribes it a weight of 0.8 for the performance index calculation (currently, a weight of 1.0 is assigned to a proficient level of skill and 0.6 is assigned to a basic level of skill). As a point of reference, for the 2018-2019 school year, the average of the highest 10% of scores was 105.0 for school districts and 106.6 for school buildings. Therefore, district and school performance on this measure, and thus the Achievement component, will look better under the bill. The bill prohibits the maximum score from exceeding the highest possible points on the index and specifies the maximum score must be updated every five years using data from the most recent year available.

The bill also changes the Progress, Gap Closing, and Third Grade Reading Guarantee (formerly Improving At-Risk K-3 Readers) component calculations in ways that may lead to schools and districts achieving higher ratings that they otherwise would have. Under the bill, the Progress component is based exclusively on the overall value-added progress score, while current law also uses subgroup value-added data. Additionally, the bill requires the higher score of the most recent year or three-year average value-added data to be used. Unlike current law, the bill has no prohibition on receiving a certain rating based on whether or not all included subgroups achieve a prescribed level or higher. For the Gap Closing component, the bill requires the methodology developed to determine performance to use whichever of the value-added progress or

performance index scores would result in a higher rating, and has a similar prohibition on receiving a certain rating based on a subgroup's score. For the Third Grade Reading Guarantee component, the bill specifies that the rating only include students who completed all grade levels prior to four at the district or school; current law does not make this stipulation. All of these changes may result in districts and schools receiving higher performance ratings than under current law.

School building restructuring

The bill repeals the law that requires a school district to restructure any school building that is ranked in the lowest 5% of all public schools by performance index score for three consecutive years, and the school has received a grade of "F" for the value-added progress dimension or an overall grade of "F" on the report cards for three consecutive years.

Under current law, a district must choose one of the following restructuring actions for an affected building: (1) close the school and reassign the school's students to other schools with higher academic achievement, (2) contract with another school district or a nonprofit or for-profit entity with a demonstrated record of effectiveness to operate the school, (3) replace the school's principal and teaching staff, exempt the school from any specified district regulations regarding curriculum and instruction at the request of the new principal, and allocate at least the per-pupil amount of state and local (that is, nonfederal) revenues to the school for each of its students, or (4) reopen the school as a conversion community school. The bill may decrease costs for school districts that otherwise would have been required to implement a restructuring action, depending on the particular action chosen and implementation decisions made by the district.

Federal compliance

The bill may also increase ODE's administrative workload with respect to compliance with federal law. At a minimum, the bill's changes to the state's accountability system would likely require ODE to submit for the U.S. Department of Education's approval an amendment to Ohio's state plan under the federal Every Student Succeeds Act (ESSA).

For example, under ESSA, state report card systems must "meaningfully differentiate" school performance. Under Ohio's federally approved ESSA state plan, the current accountability system's letter grades for individual measures, components, and overall performance provide the differentiation required by federal law. To meaningfully differentiate school performance, the bill requires ODE to submit to the U.S. Department of Education lists of the lowest 5% of public school buildings and districts according to the performance index score and certain other data for public school buildings that only serve students in grades K-2 (which do not have a performance index score calculated). If necessary, the bill requires ODE to seek a waiver from the requirements of federal law.

Also, under continuing law, annual measurable objectives are a measure of student progress determined in accordance with an agreement between the state and the U.S. Department of Education. A minimum number of students ("n-size") is necessary for a subgroup of students to ensure statistical validity. Current law, in accordance with Ohio's federally approved ESSA state plan, progressively reduced the n-size from 30 students to 25 for the 2017-2018 school year, 20 for the 2018-2019 school year, and 15 for the 2019-2020 school year and thereafter. The bill prohibits the inclusion of any subgroup data in the Gap Closing performance measure that includes data from fewer than 20 students beginning with the report cards for the 2019-2020 school year. This provision may also affect the report card results for public districts and schools.