



www.lsc.ohio.gov

# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

S.B. 145  
(1\_134\_1174-3)  
134<sup>th</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for S.B. 145's Bill Analysis](#)

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

**Primary Sponsor:** Sen. Brenner

**Local Impact Statement Procedure Required:** No

Dan Redmond, Budget Analyst

### Highlights

- Initial one-time costs for the Ohio Department of Education (ODE) to implement the bill's revised report card system may be in the hundreds of thousands of dollars, likely less than \$800,000, but potentially more if software upgrades are 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

Beginning with the report cards issued for the 2021-2022 school year, the bill revises the current school district and building report card system by replacing letter grades with a star rating system that ranges from one star for "failing to meet minimum progress" to five stars for "making excellent progress." The bill also modifies the report card system through new weights for the overall rating's six components, changes to some of the underlying component calculations, and the inclusion of additional ungraded measures on the report cards.

### Revised report card system implementation costs

The bill will increase the Ohio Department of Education's (ODE) workload and administrative costs to revise the report card system and make other necessary changes. However, as the bill provides some discretion in how certain report card elements are conveyed or executed, the scope of such cost increases will depend on specific implementation decisions made by ODE and the State Board of Education. Much, if not all, of the underlying performance data specified in the bill appears to already be collected by ODE under current law. Once initial development of the revised system is complete, the annual operational costs are likely to be about the same as under current law, but may rise if new reporting software is needed. Costs will

also depend on the implementation timeline, as a shorter timeline could require contracted work.

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 129<sup>th</sup> 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.<sup>1</sup> Based on this information, a rough estimate of the initial implementation cost for labor is similarly in the hundreds of thousands of dollars, but likely less than the \$800,000 figure as the bill requires a revision to the current system rather than creation of a new one. Any additional software costs will depend on if the current software system will need to be upgraded to implement the bill's requirements. According to ODE, the current software is cloud-based and displays an electronic version of the report card that is fairly flexible. The system is less flexible in producing printable versions of the report card. It currently accommodates a printable version of the report card overview. Under the bill, ODE is required to include on each report card a color graphic for the star ratings and arrow graph of the ratings' trends. However, it does not appear to require that these graphics be included on the printable version of the report card. It is likely, therefore, that the current system will be able to accommodate the bill's requirements without extensive and costly upgrades.

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, and for ODE to consult with various stakeholders and conduct public presentations before the standing House and Senate committees dealing with primary and secondary education.

### **Current biennium appropriations**

H.B. 166 of the 133<sup>rd</sup> 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 building effects**

### **Provisions contingent on report card results**

The effects of the bill's new report card star rating system on school districts and buildings may be wide ranging because current law relies on school district and school building 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 continues this, but the replacement of letter grades with star ratings and component recalculations may lead to additional sanctions or

---

<sup>1</sup> 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.

exemptions and, thus, to changes in school district and other public school costs. The star rating system uses similar triggers to the current law letter grade system, which may limit the extent of any changes. For example, the trigger for a district to become subject to an ADC is, for three consecutive years, either an overall “F” grade under current law, or an overall rating of less than two stars under the bill.

## Overall report card grades

The bill’s changes to the component weights will change overall report card star ratings compared to the current letter grade system. This could, as mentioned above, affect school districts and school buildings regarding potential sanctions for poor performance or exemptions due to high performance. The table below compares the current law weights for each component with the new weights under the bill for a district or school that qualifies for each graded or star-rated component. The proposed system under the bill more heavily weights Achievement and Progress, and lowers the weights of all other components.

Report Card Overall Grade and Star Rating Component Weights, Beginning FY 2024		
Component	Current Law	S.B. 145
Achievement	20%	25%
Progress	20%	25%
Graduation	15%	12.5%
Equity*	15%	12.5%
Early Literacy**	15%	12.5%
Prepared for Success***	15%	12.5%

\*Formerly called Gap Closing

\*\*Formerly called Improving At-Risk K-3 Readers

\*\*\*The Prepared for Success component is not included in the new overall rating until the 2023-2024 school year.

## Performance index and component calculation changes

### Performance index

The bill adds the science, American history, and American government end-of-course examinations to the performance index calculation, which may affect the score for certain school districts and school buildings.

### Progress component

Under the bill, the Progress component star rating is based exclusively on the overall value-added progress score, rather than including the value-added scores for subgroups as under current law. This change may lead to schools and districts achieving higher grades on this component.

The bill also specifies how to calculate the measure when three consecutive years of data are unavailable, with more weight given to recent years (or using just one year if that is all that is available). This may change affected school and district star ratings. Finally, the bill requires ODE to explore the feasibility of using a value-added gain index and effect size to improve the value-added progress dimension. Although ODE may incur administrative costs in exploring this, any costs of implementing a new calculation will depend on decisions by ODE or additional direction by the General Assembly.

### **Other components**

For the Equity component, the bill gives ODE authority to determine any appropriate criteria for the star rating but specifies it must reflect certain subgroup performance indicators and specifies that any penalties for failing to meet a required assessment participation rate be proportional to how close a school or district was to meeting the requirement. For the Early Literacy component, the bill specifies that the star rating be based on the percentage of students in the district or building who score proficient or higher on the reading segment of the third grade English language arts assessment, with the addition of a progress metric contributing to the star rating for schools with 10% or more of students reading below grade level (the current law grade is based only on a similar progress measure). For the Prepared for Success component, the bill gives ODE discretion in establishing a postsecondary readiness measure, but requires it to include one measure from a list that is similar to current law measures that constitute the Prepared for Success component. Additionally, the performance star rating system established under the bill delays the use of the Prepared Success component in calculating an overall star rating until the 2023-2024 school year. Therefore, the star ratings for the 2021-2022 and 2022-2023 school years will include five components and have different weights than ratings once the bill is fully implemented. All of these changes may result in districts and schools receiving different grades than under current law.

### **Local administrative costs**

The bill will also increase the costs and workload for school districts and school buildings as the bill requires them to notify parents upon the release of the report cards, provide a link on the district or school's website, and the superintendent to present the results to the school district's board of education.