



OHIO LEGISLATIVE SERVICE COMMISSION

Alexandra Vitale

Fiscal Note & Local Impact Statement

Bill: H.B. 591 of the 132nd G.A.
(L_132_1909-3)

Status: In House Education and Career Readiness

Sponsor: Rep. Duffey

Local Impact Statement Procedure Required: No

Subject: Report card system for public schools

State & Local Fiscal Highlights

- The bill requires the Ohio Department of Education (ODE) to create a new report card system for traditional public and community and STEM schools beginning with the 2018-2019 school year, which will entail the collection and reporting of additional data. Initial costs to apply the bill's changes may be in the hundreds of thousands of dollars, but will depend on implementation decisions. Ongoing costs to run the report card application are expected to be similar to the current system.
- In future years, the bill may further increase accountability system costs by requiring the development of an alternative measure of student growth to be reported alongside value-added data.
- The bill may increase the administrative costs of school districts, other state agencies, and state institutions of higher education to report additional data to ODE.
- The bill maintains the current report card system for accountability purposes, meaning that the bill will not alter the number of districts subject to sanctions for lower performance or qualifying for various privileges for high performance.

Detailed Fiscal Analysis

Bill summary

Beginning with the 2018-2019 school year, the bill requires the Ohio Department of Education (ODE) to implement a new state report card system that presents data on student performance and other measures for each traditional school district and school building and community and STEM school using raw scores and percentiles instead of grades. The new system consists of measures on (1) state test results, (2) graduation rates, (3) post-graduation outcomes, (4) student growth, (5) gap closing, (6) third-grade reading proficiency, (7) college or career-readiness, and (8) enrichment and support measures. However, the bill generally maintains the existing report card system for continuing law accountability provisions that are affected by report card grades. A complete description of the changes to the state report card system is given in the LSC

Bill Analysis and Substitute Bill comparative synopsis. Notable fiscal effects of the bill are described below.

Initial implementation costs

The bill requires ODE to redesign the manner in which student performance data and other measures are presented and to collect, verify, and report additional data for the new report card system, including: (1) post-graduation outcome data for traditional district students,¹ (2) enrichment and support offerings by school districts and schools that opt to provide the data, (3) disaggregation of student achievement and progress data by students who are from military families and students who are homeless, (4) tools that allow a user to compare a school's performance on selected measures to the statewide average or to other schools and districts and to access the relevant district and school report cards based on an address, (5) a five-year trend line of results for each measure of the new report cards, and (6) an overview of the education and support services offered to various student groups.

ODE's expenditures likely will increase initially to apply the bill's changes to the report card system. The cost of these changes will depend on specific implementation decisions made by ODE and the State Board Education, as the bill provides some discretion in how certain measures are conveyed or executed. 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.² However, ODE is currently shifting the information technology application used to generate and present the report cards to a cloud-based solution. ODE expects this initiative to reduce the development cost of the system required by the bill compared to what it would be otherwise. Based on this information, a rough estimate of the initial implementation cost is somewhere in the hundreds of thousands of dollars. Once initial development of the new system is complete, ODE expects the annual operational costs of the system to be about the same as they would be under current law, given the transition to the cloud-based platform. This new platform is expected to reduce operating costs for the report card application (currently, about \$570,000 each year) by 50% or more.

In FY 2019, a total of \$5.4 million is appropriated for the current accountability system and report cards, which includes funding related to the state's teacher and principal evaluation system. Of that amount, \$4.9 million (92%) is supported by non-GRF funds. Additional GRF appropriation is used for data collection.

¹ While ODE currently purchases data from the National Student Clearinghouse on the students who attend an institution of higher education (which, along with student-level data matching, costs about \$100,000), it collects no employment status data for most students and very little data on military status.

² 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.

There may also be increased administrative costs for public districts and schools and other state entities to report any additional data that may be necessary to produce the new report cards. For example, the bill requires other state agencies and institutions to comply with any ODE data requests to calculate the post-graduation outcomes measure, to the extent possible under federal and state privacy laws.

Student growth measure

Over time, the bill requires the development of a new student growth measure as an alternative to value-added progress data. This additional measure must be included alongside value-added data on the new report cards no later than five years after the bill's effective date. The additional cost of the alternative student growth measure will depend on the entity selected to perform the work and the specific requirements ODE develops for it. For reference, ODE paid SAS approximately \$3.5 million in FY 2017 to generate value-added data reports, including about \$1.2 million to incorporate that data into the state's teacher evaluation system. ODE pays SAS on a per-pupil basis.

Additionally, the bill requires ODE to provide a district with any data necessary to replicate both components of the student growth measure, which may result in additional administrative costs for ODE, and to provide an explanation of factors outside of the school setting that may influence student growth, such as parental and community influence and student attitudes. If this latter provision is interpreted as requiring a district- or building-level analysis of such factors, there may be increased costs for public districts and schools to report and for ODE to collect and analyze additional data.

Performance index score – score of zero on missed assessments

Under current law, the performance index (PI) score, ranging from zero to 120, is a weighted measure of student performance on the state achievement assessments and is one component of the existing district and school report card system. This score takes into account students that did not take a required assessment by assigning such students a weight of zero.

The bill eliminates the current law requirement that ODE assign a weight of zero to the assessment score of a student who does not take a state achievement assessment. The result may be higher PI scores and letter grades for some schools and districts than under the current calculation. The effect of this provision on the number of districts that would qualify for incentives or, conversely, state sanctions for accountability purposes is likely small. Statewide, nearly all students participate in state assessments.

Eliminated annual reports

The bill decreases ODE's administrative responsibilities by eliminating a series of annual accountability reports. These reports are listed in the LSC Bill Analysis.

Existing accountability system maintained

With the exception of the PI score provision described above, the bill maintains the existing report card system for continuing law accountability provisions that are affected by report card grades, such as the establishment of an academic distress commission for a school district and the designation of a school building under the Educational Choice Scholarship Program. As a result, the bill generally will not alter the number of districts subject to sanctions for low performance or qualifying for various incentives for high performance.

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