



www.lsc.ohio.gov

OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 455
(1_136_1709-2)
136th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 455's Bill Analysis](#)

Version: In House Education

Primary Sponsors: Reps. Manning and Bird

Local Impact Statement Procedure Required: No

Patrick Campbell, Budget Analyst, and other LBO staff

Highlights

- The bill may result in minimal GRF expenditures for DEW to modify the state report cards.
- Overall, the bill may decrease administrative or other operating costs for DEW, school districts, and other public schools by eliminating or revising various programs, requirements, and provisions in education law.
- The bill avoids potential decreases in educational service center (ESC) expenditures and revenues, and resulting increases in school district expenditures, by exempting ESCs from a recently enacted law that caps a school district's administrative expenses at no more than 15% of its annual operating budget (ESCs likely are considered a "school district" for purposes of the current law provision).
- The bill may increase Early Childhood Education Grant Program expenditures from the GRF, subject to available appropriations, by making changes to the permitted use of funds and expanding program eligibility.

Detailed Analysis

Overview

The bill makes changes to a variety of education laws, the overarching goal of which is to reduce regulatory and administrative requirements on the Department of Education and Workforce (DEW), school districts, and other public schools. The bill's fiscal effects are discussed below.

Department of Education and Workforce

State report card

The bill makes various changes to the calculation and content of state report cards. The bill modifies the way that DEW calculates the College, Career, Workforce, and Military Readiness (CCWMR), Early Literacy, and Graduation components, which may result in minimal costs to DEW to modify the state report cards. H.B. 96 of the 136th General Assembly, the current main operating budget act, appropriates \$7.4 million in each of FY 2026 and FY 2027 from GRF line item 200439, Accountability/Report Cards, for the administration of the state's accountability system and report cards. Additional appropriation is used for data collection. Specifically, the bill:

- Modifies the calculation of the existing CCWMR postsecondary readiness measure to expand how a student may meet the criteria for demonstrating readiness;
- Replaces the four-year and five-year adjusted cohort graduation rates as performance measures with new report-only measures that are the same as current law, except that both must include as “graduates” any students with an individualized education program (IEP) who have satisfied the conditions for a high school diploma but opted not to receive a diploma at the time the graduation requirements were met but will receive a diploma prior to the student's 22nd birthday, and are still receiving services. Few students fall into this category. In the 2024-2025 school year, enrollment of these students amounted to 1,651 students, or 0.1% of statewide enrollment.
- Replaces the performance measure for the Early Literacy component that measures the percentage of students who are proficient on the third grade English Language Arts state test or an alternative test with a measure of the percentage of students who are not subject to retention under the Third Grade Reading Guarantee (effectively, the provision restores the law with respect to this measure prior to H.B. 96. H.B. 96 became effective September 30, 2025).

On the other hand, the bill eliminates various requirements associated with the state report cards, which may reduce DEW workload or administrative costs. The provisions eliminate the requirements for DEW to:

- Annually rank public schools by student performance growth using the value-added progress dimension or other related measures;
- Annually submit preliminary state report card data for each public school (DEW indicates that this data is already available to districts and schools through a secure data portal);
- Include in each district and school report card a report on students' success in meeting state physical education benchmarks; compliance with federal Women, Infant, and Children (WIC) health and nutrition policies; and participation in a physical activity pilot program.

Reduction in administrative responsibilities

Various provisions of the bill may reduce administrative workload or costs for DEW and districts and schools. These provisions are briefly discussed below.

- **DPIA reporting.** The bill eliminates the requirements for school districts and other public schools to annually report to DEW a description of their initiatives funded by disadvantaged pupil impact aid (DPIA), and for DEW to issue a report with that information to the General Assembly by December 1 of each odd-numbered year. Instead, it requires DEW to develop a uniform mechanism for each public school to annually report its total DPIA funding and the expenditure of that funding, and requires DEW to publish that expenditure data on its website by October 31 of each year. DEW indicates that the provision will streamline reporting through the use of a single accounting code that districts and schools will use to report DPIA expenditures within the uniform school accounting system.
- **EMIS guidelines.** The bill limits the Education Management Information System (EMIS) instructional documents that are subject to the public review and comment procedure established under continuing law to only the EMIS manual, rather than all DEW-issued guidance on student, staff, and financial information to be collected and reported, and any guidelines necessary to implement EMIS. It also exempts various DEW actions with respect to EMIS from the public review and comment procedure.
- **Eliminated reporting.** The bill eliminates annual reporting requirements for (1) public and chartered nonpublic schools and DEW regarding students with diabetes, (2) district treasurers on the investment of interim moneys to DEW and the Auditor of State, (3) DEW to prepare an annual report on its activities and the status, problems, and needs of education in the state, (4) school districts to indicate their compliance with various state mandates, and (5) ODHE and DEW to recommend policies and strategies to reduce the need for academic remediation and developmental courses at state institutions of higher education.
- **Required postings.** The bill permits a school district to post certain notices on its website instead of physically doing so in its schools.

Limit on school district administrative expenses

The bill excludes educational service centers (ESCs) from the prohibition, recently enacted in H.B. 96, on any school district board of education from spending more than 15% of its annual operating budget on administrative expenses. ESCs likely are considered a “school district” for purposes of the current law provision.

ESCs implement state and federal education initiatives, reduce duplication of services, and provide support in areas such as curriculum, instruction, special education, early childhood education programming, technology assistance, professional development, student services, cooperative purchasing, and administrative and fiscal operations. ESC services generally are driven by the needs of the client districts with which they have service agreements. Given the role of ESCs in Ohio’s education system, the administrative expenses of many ESCs currently exceed 15% of operating expenses. The bill’s provision permits ESCs to continue standard operations and avoids the potential for the current law cap to limit the services provided to client districts and, thus, the revenues ESCs receive for the performance of these services. It also avoids potential increases in district costs that may occur from the shift of those services to school districts, which may not be able to provide them at the same economies of scale as an ESC.

Innovative education programs

Under continuing law, school districts, ESCs, and chartered nonpublic schools can apply to DEW proposing an innovative education pilot program that exempts the district, ESC, or school from specific statutory provisions or rules. The bill adds the implementation of the Science of Reading to the list of requirements from which a district, ESC, or school may not be exempted. Districts and schools have been required to use curriculum, instructional materials, and intervention programs aligned to the Science of Reading since the 2024-2025 school year. According to DEW, there have been no requests to waive Science of Reading requirements. The bill also requires DEW to promote innovative educational programs designed to increase student achievement and engagement, improve student wellness, and prepare students for the workforce and postsecondary education. This may increase DEW's administrative workload.

In a separate provision, the bill eliminates all laws regarding school districts of innovation designations. In its most recent annual report on school districts of innovation,¹ DEW indicates that they are a highly prescriptive option. Since its enactment in 2011, only one school district applied and was approved to be designated as a school district of innovation. The lone district designated is Noble Local School District in Noble County. According to DEW, the district received the designation in February 2023 to allow it to make up an unlimited number of days of instruction (instead of up to three as permitted by current law) through online classroom lessons when the district's schools needed to close due to inclement weather. Repealing the school district of innovation statute means the remaining option for innovative programs moving forward will be the innovative education pilot program described above, which DEW describes as more flexible. Furthermore, DEW would be alleviated of any administrative costs and responsibilities associated with school districts of innovation, including compiling an annual report, reviewing applications, and conducting performance reviews.

City civil service commission exemption

The bill allows a city school district and its city to enter into a written agreement that exempts the district, in whole or in part, from the jurisdiction of the city's civil service commission. Civil service commissions generally oversee employment practices for certain classifications of public employees, including most nonteaching staff in applicable school districts. However, according to the Ohio School Boards Association (OSBA), a city may enact an ordinance limiting the jurisdiction of its civil service commission to city employees only, meaning that the employees of the city school district would be excluded and the civil service law would have no authority in the district. In addition, OSBA explains that many districts can already opt out of most civil service requirements through the collective bargaining process.² It is unclear how many cities and districts have taken either action. However, districts that opt out of a civil service commission's jurisdiction under the bill may be able to streamline employment and dispute resolution processes.

¹ See the [2025 School Districts of Innovation Annual Report \(PDF\)](#), which may be accessed by conducting a keyword "2025 School Districts of Innovation" search on the Ohio Department of Education and Workforce's website: education.ohio.gov.

² See OSBA's [2024 Human Resources Desktop Reference Guide to School Law \(PDF\)](#), which is available on OSBA's website: ohioschoolboards.org/resources-topic.

School district of attendance

The bill allows a child whose parents have never been married to enroll in the school district where the child's residential parent and legal custodian resides. This provision appears to resolve an apparent conflict in current law regarding custody rights of unmarried parents. Under existing law, an unmarried mother is presumed to be the child's sole residential parent and legal custodian unless a court order designates someone else. Without legal custody, a parent lacks certain rights, such as signing permission slips, authorizing emergency medical care, and obtaining visitation or custody without court documentation. Currently, legal custody is only considered for school enrollment when parents have undergone legal separation, divorce, dissolution, or annulment.

The fiscal effect of this provision will depend on the number of children currently enrolled in a school district where a noncustodial parent resides, while the custodial parent lives in a different district. State aid may shift between school districts for each child who enrolls in a different district as a result of the bill. While the number of children enrolled under these circumstances is unclear, LBO presumes it is relatively small for any given district, with any associated fiscal effects likely minimal.

License revocation for domestic violence offenders

The bill requires the State Board of Education to automatically revoke or deny renewal of any license issued to a person who pleads guilty to, is found guilty of, or is convicted of domestic violence. This may minimally increase administrative workload for the State Board if the provision leads to additional referrals and investigations, though any additional cases likely can be supported by existing resources. The bill's provisions may already be in practice by the State Board. According to the Licensure Code of Professional Conduct for Ohio Educators, the continuum of disciplinary action for educators that are convicted or plead guilty to a domestic violence crime may already include license revocation or denial.³

Early Childhood Education Grant Program

The bill makes changes to the law governing the Early Childhood Education (ECE) Grant Program, which supports early childhood education programs that meet certain conditions and provide educational services for children who are at least three years old but not yet eligible for kindergarten and generally are from families with incomes below 200% of the federal poverty level (FPL). The bill's changes to the permitted use of ECE Grant Program appropriations and program eligibility may increase ECE Grant Program participation and expenditures, subject to available appropriations. The ECE Grant Program is funded by GRF line item 830407, Early Childhood Education, in the Department of Children and Youth (DCY) budget, with appropriations of \$130.3 million in each of FY 2026 and FY 2027.

Use of funds

The bill explicitly requires DCY to use ECE Grant Program funds, other than the 2% that DCY may use for program support and assistance, for grants for early learning and development

³ See the [Licensure Code of Professional Conduct for Ohio Educators \(PDF\)](https://sboe.ohio.gov/professional-conduct), which is available on the State Board's website: sboe.ohio.gov/professional-conduct.

services. It also permits DCY to use any remaining funds to allow more children to participate in the program or support program expansion, improvement, innovation, or new pilot programs. Any remaining funds used in this way must be targeted to high-need areas. The bill explicitly allows the family of an eligible child to use ECE Grant Program funds in place of other sources of state child care support and prohibits awards granted through the program to be considered publicly funded child care or a family services program.

Eligibility

Under current law, a preschool-age child whose family income exceeds 200% FPL is eligible to participate in the ECE Grant Program if the child also has an IEP, is placed with a resource caregiver (such as a foster parent), or is homeless. The bill expands eligibility for children in families with incomes above 200% FPL by also qualifying a child that has exited Ohio's early intervention services program or is a Medicaid recipient or part of a household or assistance group that receives SNAP benefits or participates in Ohio Works First (TANF cash assistance).

In addition, the bill modifies the process for determining a child's eligibility to participate in the ECE Grant Program. Under current law, only the county department of job and family services is responsible for making the eligibility determination. The bill requires the department to consult with the prospective early learning and development program as part of the eligibility process. This change could result in minimal administrative costs, such as additional staff time for coordination, training, and updating procedures for school districts and other public schools that operate early learning and development programs; however, these costs are likely to be absorbed within existing resources.

Montgomery County Pupil Transportation Pilot Program

Under continuing law, the Montgomery County ESC provides transportation to qualifying students in lieu of the student receiving transportation from their resident school district under the Montgomery County Pupil Transportation Pilot Program, which began in the FY 2024-FY 2025 biennium and was extended in FY 2026 and FY 2027 by H.B. 96. The pilot program is available for a student whom the participating district and the ESC determine is struggling with transportation issues and either (1) attends a school different from the one to which the student would be assigned in the student's resident school district or (2) is a child with a disability for whom the student's resident school district is required to provide transportation as a related service.

The bill permits the Montgomery County ESC to transport a student to and from that student's workplace learning experiences, in addition to a student's place of residence as under continuing law. Under continuing law, the program is funded by a combination of \$250,000 in each fiscal year earmarked from the GRF under DEW's budget and funds transferred to the ESC from the participating school districts' state foundation aid, based on the amount the district would otherwise receive in state transportation aid for each student transported.

Eliminated programs or requirements

Tutor Ohio Kids Program

The bill repeals the Tutor Ohio Kids Program, under which the Educational Service Center of Central Ohio (ESCCO) coordinated the provision of tutors for public and chartered nonpublic schools. Certain program costs were originally paid for by appropriating \$2.4 million in federal American Rescue Plan Act (ARPA) state activity funds for emergency needs during the FY 2022-

FY 2023 biennium. These funds, now exhausted, went towards administrative, implementation, background check, and certain training-related costs, among others, that DEW and participating educational service centers incurred for the program. DEW reports that the program was not used in a significant way. As of late October 2025, 71 individuals statewide currently hold an active registration to be able to provide tutoring services under the program. Repealing this program appears to have minimal fiscal effects.

Columbus Pilot Program

The bill repeals a parent-trigger pilot project made available for low-ranking schools in the Columbus City School District, in which parents may petition to implement requested reforms in the school. The option has never been utilized since enacted in 2012. The repeal of the pilot project relieves Columbus City School District and DEW of potential administrative responsibilities and costs.

College-preparatory boarding schools

The bill eliminates references to college-preparatory boarding schools in the Revised Code. No college-preparatory boarding schools currently exist in the state.

Obsolete provisions

The bill eliminates several obsolete provisions related to state report cards, the Ohio Graduation Tests, end-of-course exams, challenged school districts, and school districts incurring debt from commercial lenders. See the LSC bill analysis for a list of obsolete provisions that the bill eliminates.

Other provisions with little to no fiscal effect

The bill also contains other provisions that appear to have little, if any, fiscal effect, including provisions regarding board of education member vacancies, appointment of designees to serve in place of the members of a school district's or ESC's education records commission, and the elimination of the requirement that DEW employ a full-time physical education coordinator to provide guidance and technical assistance to districts and schools in implementing physical education standards. With respect to the last provision, DEW reported that the position's elimination will not have a fiscal effect, as the position is currently vacant and its responsibilities have been delegated to other staff.

Synopsis of Fiscal Effect Changes

- The substitute bill (I_136_1709-2) eliminates the bill's fiscal effects on the state testing system by removing the provision in the As Introduced, as amended with AM0961, (previous) bill that eliminates the American History and American Government end-of-course exams for students who enter ninth grade for the first time on or after July 1, 2025 (the class of 2029). The previous bill's provision was expected to reduce DEW's GRF expenditures by \$5.5 million per year starting in FY 2029, with smaller reductions in preceding years.
- The substitute bill eliminates the bill's fiscal effects on the Ohio Department of Higher Education (ODHE) by removing the provision in the previous bill that created a new performance measure to be factored into the calculation of College, Career, Workforce, and Military Readiness (CCWMR) performance ratings. That provision required ODHE to

collect and report the data necessary to calculate the new measure, which was based on the percentage of students from the prior school year's four-year adjusted cohort graduation rate who did not demonstrate readiness on the postsecondary readiness measure, but who, within one year of graduating high school, completed one academic year of college credits at an institution of higher education without taking remedial courses.

- The substitute bill may lessen the bill's reduction in administrative workload or costs for DEW, school districts, community schools, and community school sponsors and may decrease state foundation aid relative to the previous bill by restoring provisions, eliminated by the previous bill, that:
 - Require each community school sponsor to annually report to DEW describing its expenditures for providing monitoring, oversight, and technical assistance to the schools it sponsors;
 - Require DEW to establish the format and minimum information to be included in a community school's annual budget;
 - Require each district-operated online school and internet- or computer-based community school to disenroll and report to DEW any student who fails to participate in state assessments for two consecutive years and require DEW to maintain a list of students and withhold state funding for them.
- The substitute bill adds the provision excluding educational service center governing boards from the prohibition on any school district board of education from spending more than 15% of its annual operating budget on administrative expenses and the provision's associated fiscal effects.
- The substitute bill eliminates the bill's fiscal effects with respect to suspensions of school employees by removing the previous bill's prohibition on school districts from providing pay or benefits to employees who are suspended from duties involving the care, custody, or control of children due to a pending criminal case for specified offenses.
- The substitute bill may increase Early Child Education (ECE) Grant Program expenditures, subject to available appropriations, by adding the provisions regarding the permitted use of ECE Grant Program appropriations and expanding program eligibility.