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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Legislative Budget
Office

H.B. 73
134th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsors: Reps. Manning and Crawley

Local Impact Statement Procedure Required: No

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Highlights

- Eliminating administration of the fall third grade English language arts examination will likely lead to annual savings for the state of approximately \$2.7 million starting in FY 2022.
- Making optional the state-funded administration of the ACT and SAT college admissions tests may reduce GRF expenditures by up to \$1.9 million annually starting in FY 2022.
- GRF costs to develop and provide a new, condensed end-of-course examination in American history and government will likely offset any cost savings to provide one less examination, at least in the near term. There may be some administrative costs for the Ohio Department of Education to implement the change in the state accountability system and graduation requirements and for districts and schools to realign curriculum or course offerings.
- School districts may incur minimal administrative costs to form testing work groups that will examine testing and report findings and recommendations for testing reductions.

Detailed Analysis

Third grade reading guarantee; fall English language arts test

Beginning with the 2021-2022 school year, the bill eliminates the retention of third grade students who do not meet a required promotion score on the third grade English language arts (ELA) achievement test. It also requires the test to be administered only once annually. This effectively eliminates the fall ELA test, which will likely lead to annual savings for the state of around \$2.7 million starting in FY 2022. The Ohio Department of Education (ODE) reports the spring ELA test is federally required.

The fiscal effects of these provisions on districts and schools are likely to be minimal. Under the third grade reading guarantee, schools provide additional supports in reading comprehension for a student in grades K-3 determined to be off track in order to help the student meet the promotion score by the end of the third grade. In general, students who do not meet the promotion score are retained in the third grade and receive intensive reading intervention services. While the bill eliminates retention, it also requires districts to continue offering intervention or remediation services to students reading below grade level. As a point of reference, 5% (about 5,700) of third grade students statewide who were subject to the third grade reading guarantee in the 2018-2019 school year did not meet the promotion score. H.B. 197 and H.B. 409, both of the 133rd General Assembly, prohibit, for the 2019-2020 and 2020-2021 school years, schools from retaining a student in the third grade under the third grade reading guarantee unless the principal of the student's school and the student's reading teacher agree that the student is reading below grade level and not prepared to be promoted to fourth grade.

State-funded administration of ACT and SAT made optional

Current law generally requires all students in eleventh grade to take a college admissions test as part of the state's College and Work Ready Assessment System. Beginning with students in the class of 2023, the bill makes the state-funded administration of the college admissions test optional by requiring that the test be administered only to students whose parent or guardian gives the student's school permission to do so. ODE must prescribe procedures to opt in to the test. The state contracts with ACT Inc. and the College Board to administer the ACT and SAT, respectively, to eleventh grade students in the spring of each school year. School districts choose annually which of the two college admissions examinations that their students will take. The state pays \$40 per student for the ACT and \$36.35 per student for the SAT. The ACT is, by far, the most popular option. For FY 2019, the state spent approximately \$4.9 million from the GRF to administer both tests. A large majority of this amount, \$4.4 million, was for the ACT. That year, about 122,600 eleventh grade students in public and nonpublic schools took either the ACT or SAT.

Not all high school students intend to or will enroll in college. According to data from the Pell Institute, around 60% of Ohio high school graduates go directly to college.¹ If this same percentage opted in to the college admissions test, GRF expenditures for the tests would decrease by approximately \$1.9 million annually assuming no change in the state's cost per test. However, the percentage that will take the test is likely higher than 60%. Some students may plan to defer enrollment in college but still would be interested in taking one of the tests as a junior. Higher percentages of students opting to take the test will decrease the state's savings. The table below estimates the state's annual costs of administering the ACT and SAT at various hypothetical student participation rates, starting with a baseline of 100% under current policy, and the state savings under various reduced participation rate scenarios. Any reduction in state costs for these tests would begin to accrue in FY 2022, when the class of 2023 is generally required to take one of the college admissions tests under current law.

¹ Ohio Legislative Service Commission, *Ohio Facts 2020*, page 66.

Estimated Cost of State-Administered ACT/SAT Under Various Participation Scenarios					
Test	100% of 11 th Graders	60% of 11 th Graders	70% of 11 th Graders	80% of 11 th Graders	90% of 11 th Graders
ACT	\$4,394,080	\$2,636,448	\$3,075,856	\$3,515,264	\$3,954,672
SAT	\$465,062	\$279,037	\$325,543	\$372,050	\$418,556
Total	\$4,859,142	\$2,915,485	\$3,401,399	\$3,887,314	\$4,373,228
Difference from 100% Scenario		-\$1,943,657	-\$1,457,743	-\$971,828	-\$485,914

End-of-course examinations

Effective for students entering the ninth grade on or after July 1, 2020 (the class of 2024), the bill reduces the required number of end-of-course examinations from five to four by combining the American history and American government end-of-course examinations into one examination. Each examination costs the state \$1.2 million annually to provide to school districts, other public schools, and nonpublic schools; however, ODE will incur costs to develop and provide the new, condensed examination and does not envision any cost savings due to the combination. Though it is possible that the state may realize savings in future years. The costs for these end-of-course examinations are paid from the GRF. ODE may also incur some related administrative costs to implement the change in the report card and accountability system (including educator value-added reports used for evaluation purposes) and citizenship diploma seal requirements. There also may be some minimal costs for school districts and other public schools to realign curriculum or course offerings depending on how classes currently are structured. The bill does not change the state minimum curriculum students must successfully complete in order to graduate. High school students must complete one-half unit each of American history and American government.²

School district testing workgroups; ODE report

The bill also may minimally increase the administrative costs of school districts due to a requirement that each school district form a work group within 90 days of the bill's effective date to examine the amount of time students spend on required testing and various other aspects of testing and to make recommendations within six months of forming on how to reduce testing amounts. Districts may incur at least one-time costs to start these work groups, which, in general, are to consist of the following individuals: (1) the district superintendent, (2) a district curriculum or testing administrator or designee of the superintendent, (3) three principals, (4) three teachers selected by the local teacher's association, and (5) three parents of students enrolled in the district selected by the local parent teacher organization (or similar organization). If a district does not employ enough of the specified work group members, the bill exempts the district from the requirements it cannot meet. Upon completion of the report, a district's work group may be

² One-half unit is generally equivalent to 60 hours of course instruction.

dissolved, continue to meet, or be reconstituted in the future based on local need. Additionally, the bill requires a district board of education to consider the work group's recommendations and to adopt an annual (instead of a single) resolution if it wishes to exceed statutory limitations on testing time.

The bill will increase ODE's administrative workload by requiring the Department to annually publish a report on the amount of time students spend on required state and district testing, including the following: (1) a disaggregation of testing required by the state and additional testing required by a district, (2) efforts to reduce testing time and increase instructional time, (3) caps on testing as described in current law and a list of districts that exceeded them, (4) the purpose and use of the required state and district tests, and (5) resources for parents.