



OHIO LEGISLATIVE SERVICE COMMISSION

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Fiscal Note & Local Impact Statement

Bill: H.B. 176 of the 132nd G.A.

Status: As Introduced

Sponsor: Rep. Thompson

Local Impact Statement Procedure Required: Yes

Subject: State achievement assessments, statewide academic content standards and model curricula, teacher and administrator evaluations, graduation requirements, and other education provisions

State Fiscal Highlights

- The bill eliminates the state's social studies assessments and certain other high school assessments not required under federal law, which may decrease state GRF assessment expenditures by about \$9.6 million per year.
- The bill also requires school districts and schools to administer the assessments administered prior to 2010 in Iowa for the elementary and high school state achievement assessments. The fiscal effect on the state's achievement assessment system costs will depend on a variety of factors, but may decrease annual state testing expenditures, which are mostly funded by the GRF, in the \$8 million to \$12 million range due to the potential for lower per-test costs.
- The bill's elimination of the Resident Educator Summative Assessment will reduce state non-GRF expenditures from the Teacher Certification and Licensure Fund (Fund 4L20) by an estimated \$5.3 million per year.
- The bill's elimination of the Ohio Teacher Evaluation System (OTES) and the Ohio Principal Evaluation System (OPES) and related guidelines and requirements for all but municipal school districts (i.e., Cleveland) will result in a reduction in GRF expenditures of around \$2.2 million each year.
- The bill also requires the State Board of Education to replace the academic content standards in ELA, mathematics, science, and social studies with new standards that are consistent with the standards adopted by Massachusetts prior to 2010. According to ODE, this will require extensive review of old support materials from Massachusetts and likely work to supplement the support materials for implementation in the field. The cost of this provision is uncertain.

Local Fiscal Highlights

- The bill specifically states that a school district is not required to use the state academic content standards. The bill also prohibits the withholding of state funds from a district or school for failure to adopt or use the standards. In practice, however, schools and districts generally align curriculum with the state standards. Changes in standards, therefore, may result in increased spending on lesson plans, instructional materials, professional development, and technology.
- The bill eliminates OTES and OPES and the guidelines and requirements related to those systems, allowing public districts and schools to establish local teacher and administrator evaluation policies. The fiscal effect of this provision will depend on how these entities react to the flexibility provided by the bill. However, eliminating the statewide system also may result in an increase in public district and school expenditures to establish their own internal systems to document and track evaluations.
- Under the bill's extension of safe harbor provisions through the 2019-2020 school year, districts and schools would not bear the expense of potentially costly sanctions or penalties to which they may otherwise have been subject.
- The bill permits, instead of requires, districts and schools to administer the Kindergarten Readiness Assessment and various other diagnostic assessments to students in grades one through three, resulting in a reduction in costs for districts choosing not to administer the optional diagnostic assessments.

Detailed Fiscal Analysis

Overview

The bill makes changes to a variety of education laws. Among other provisions, the bill requires the replacement of the state's current academic standards and achievement assessments. Further, it eliminates the fourth grade and sixth grade social studies assessments and the Resident Educator Summative Assessment and makes optional the current required diagnostic assessments in grades kindergarten through three. The bill also eliminates state-mandated guidelines and requirements for teacher and principal evaluations, allowing a district or school to conduct its own evaluations of its teachers and administrators according to its own policies. Provisions in the bill with notable fiscal effects are discussed in more detail below.

Provisions related to assessments

State achievement assessments

Current law requires public school elementary students to be tested in English language arts (ELA) and mathematics in each of grades three to eight, in science in grades five and eight, and social studies in grades four and six. In addition, high school students must take a nationally standardized assessment that measures college and career readiness (either the ACT or the SAT) in their junior year and seven end-of-

course exams in ELA I, ELA II, science, Algebra I, geometry, American history, and American government.

The bill eliminates the fourth grade and sixth grade social studies assessments and requires public districts and schools to administer the assessments administered prior to 2010 in Iowa for the elementary-level assessments in ELA, mathematics, and science. The bill also replaces the seven end-of-course examinations with assessments administered prior to 2010 in Iowa in ELA, mathematics, and science but continues to require students to take either the ACT or the SAT. Further, the bill prohibits the use of the Partnership for Assessment of Readiness for College and Careers (PARCC) assessments, the Smarter Balanced assessments, or any other assessments related to or based on the Common Core State Standards (CCSS).

The table below illustrates the estimated annual reduction in state expenditures from eliminating the fourth and sixth grade social studies tests and the high school end-of-course exams in ELA I, algebra, American history, and American government. The estimates are based on Ohio's current cost of \$13 per content test and the number of tests taken by public school students in the 2015-2016 school year. Overall, the bill's elimination of these assessments could result in a state savings of about \$9.6 million.

Estimated cost of Ohio assessments eliminated under H.B. 176		
Test	Tests Taken by Public Students, 2015-2016	Estimated Total Cost
Grade 4 social studies	125,535	\$1,631,955
Grade 6 social studies	125,835	\$1,635,855
English language arts I end-of-course exam	136,862	\$1,779,206
Algebra end-of-course exam	138,455	\$1,799,915
American government end-of-course exam	86,717	\$1,127,321
American history end-of-course exam	122,836	\$1,596,868
Total	736,240	\$9,571,120

The cost of procuring new achievement assessments will depend on negotiations with the testing company based on factors such as testing volume and scoring, reporting, and training needs. Information provided by a representative of Houghton Mifflin Harcourt, the provider of the Iowa assessments, suggests the possibility of some cost savings for the state in delivering the elementary and high school achievement assessments. According to the representative, large-scale testing in Ohio using the pre-2010 testing forms, which are available only in paper format, would cost approximately \$7 to \$9 per content test. If so, the reduction in annual state testing expenditures from using the pre-2010 Iowa assessments would be in the \$8 million to \$12 million range, based on the number of public students tested in the 2015-2016 school year and the difference in cost of between \$4 and \$6 per test.

State assessment system costs are primarily funded through GRF line item 200437, Student Assessment. In FY 2017, the amount appropriated to this line item is about \$60 million. Federal funds also provide some support for state assessments, at about \$10.3 million.

Diagnostic assessments

Currently, public districts and schools are required to administer certain diagnostic assessments to specified students in grades K-3 to determine which students need to receive additional services in order to attain grade level performance. However, beginning in the 2017-2018 school year, S.B. 3 of the 131st General Assembly made optional the administration of diagnostic assessments in math and writing for first and second graders and in writing for third graders. The bill makes the remainder of the diagnostic assessments optional by permitting, instead of requiring, districts and schools to administer the Kindergarten Readiness Assessment (KRA) as well as diagnostic assessments in reading, writing, and mathematics to students in grades one and two and diagnostic assessments in reading and writing to students in grade three. The provision will result in a decrease in costs for districts that choose not to administer the optional diagnostic assessments. In addition, districts and schools may also find it easier to comply with the practice or diagnostic testing limitations enacted in S.B. 3, which take effect in the 2017-2018 school year.

In FY 2017, the KRA is funded with GRF funds through an earmark of \$2.8 million in line item 200437, Student Assessment. Making the KRA optional may result in a reduction in GRF expenditures for the assessment.

Resident Educator Summative Assessment

The Ohio Teacher Residency Program is a four-year support program for entry-level classroom teachers who hold the resident educator license or an alternative resident educator license. Those teachers must complete the program to qualify for a professional educator license. As a part of the program, those teachers must pass the Resident Educator Summative Assessment (RESA). The bill eliminates the RESA by prohibiting the residency program from requiring a teacher to pass or take such a test during the program. This change will reduce state non-GRF expenditures by about \$5.3 million per year based on the contracted cost of the assessment for FY 2017. Assessment costs are paid by the state from line item 200681, Teacher Certification and Licensure, using the proceeds of educator license fees paid into the Teacher Licensure and Certification Fund (Fund 4L20).

New academic content standards

Academic content standards describe what students should know and be able to do in each grade level. The State Board of Education adopted the Common Core State Standards (CCSS) in ELA and mathematics along with state-developed standards in science and social studies in June 2010 pursuant to H.B. 1 of the 128th General Assembly. The bill prohibits the use of the CCSS and replaces them with content

standards in ELA, mathematics, science, and social studies consistent with the standards adopted by Massachusetts as they existed prior to 2010.¹ The bill also eliminates the current law requirement that ODE develop model curricula after developing new content standards and also prohibits ODE from developing model curricula for any of the new standards.

State fiscal effects

The bill requires the State Board to adopt the new standards by June 30, 2018. According to ODE, adopting new standards will result in several additional administrative duties, the cost of which is uncertain. Those duties include (1) stakeholder review meetings and revision work to introduce the standards to the field, (2) reworking of all materials on the ODE website to share the new standards, and (3) a review of old support materials from Massachusetts and likely work to supplement the support materials for implementation in the field. Adopting these new standards may also require review and revision of Ohio's early learning standards and the Ohio Department of Higher Education's (DHE) remediation-free standards. These activities will increase ODE costs and may increase DHE's costs as well. In FY 2017, about \$3.9 million in GRF funding is specifically appropriated to ODE in line item 200427, Academic Standards, for developing, revising, and communicating academic content standards and curriculum models to school districts, and for developing professional development programs and other tools on content standards and model curricula.

Local fiscal effects

The bill specifically states that a school district is not required to use the state academic content standards. The bill also prohibits the withholding of state funds from a school district or school for failure to adopt or use the standards or the state assessments. In practice, however, school curriculum decisions are influenced by the state standards and assessments. The performance of students on state assessments affects schools and districts through the local report cards, eligibility of students for Educational Choice (EdChoice) scholarships, and other means. In response to changes in state standards and assessments, therefore, schools may change curricula, lesson plans, instructional materials, professional development, and technology. Costs in these areas are generally regarded as a cost of doing business and are routinely funded in school district budgets. It may be possible for schools to redirect current funds budgeted for curriculum, instructional materials, professional development, and so on under the current standards to implement the pre-2010 Massachusetts standards. Nevertheless, it is also possible that schools will incur new monetary costs and additional staff time to realign their curricula and teaching strategies to Massachusetts' former standards. In addition, it is possible that instructional materials may be more difficult or costly to procure, as most such materials produced in recent years have been

¹ For a complete list of the Massachusetts standards, see <http://www.doe.mass.edu/frameworks/>.

aligned to the CCSS. As a result, materials aligned with Massachusetts standards may no longer be in print.

Graduation requirements

Under current law, each public school student and most chartered nonpublic school students must complete at least 20 credits in required courses and complete one of the following testing pathways in order to earn a diploma: (1) score at "remediation-free" levels in English, math, and reading on nationally standardized assessments, (2) attain a cumulative passing score on the state high school end-of-course examinations, or (3) attain a passing score on a nationally recognized job skills assessment (WorkKeys) and obtain either an industry-recognized credential or a state agency- or board-issued license for practice in a specific vocation.

The bill eliminates the requirement for students in public and chartered nonpublic high schools who entered ninth grade on or after July 1, 2014 to complete a testing pathway as a condition of receiving a high school diploma, but maintains the state's curriculum requirements. This provision may result in more students who are able to graduate on time, which may slightly affect statewide average daily membership (ADM) and thus, state foundation aid. School districts may also realize a reduction in expenditures that may have been necessary to educate students that otherwise would not have graduated on time or less quickly. As a point of reference, the statewide average four-year adjusted cohort graduation rate for the Class of 2015 was 83% while the five-year graduation rate for the Class of 2014 was about 85%. Though students would no longer need to meet testing requirements in order to receive a high school diploma, the bill continues to require students to take either the ACT or SAT as part of the high school testing system and continues to require school districts to administer the state-funded WorkKeys assessment to students that opt to take it. Costs for the WorkKeys assessment will decrease if fewer tests are administered. Under the state's current contract for the WorkKeys assessment, the state pays \$8.33 per test.

Safe harbor

The bill extends through the 2019-2020 school year the safe harbor provisions for students, school districts, and other public schools related to achievement assessment score results and state report card ratings currently in effect through the 2016-2017 school year and specifies that the 2020-2021 school year will be the first school year for which an overall report card grade will be issued. Thus, the bill extends provisions that prevent districts and schools from beginning to be subject to potentially costly state sanctions that they otherwise may have been without the safe harbor provision, including provisions with respect to school restructuring, academic distress commissions, buildings whose students are eligible for EdChoice scholarships, districts in which a new community school may be established, community school closure, and so on.

Student enrollment calculation

The bill extends through the 2019-2020 school year a school funding formula provision that was in effect for the 2014-2015 school year regarding a student's nonparticipation in state-required assessments. The provision allows nonparticipating students to count toward the state aid calculation for school districts and public schools which is based on student enrollment. Under current law, a district's or school's enrollment count may not include a student who was enrolled in the district or school during the previous school year and did not take one or more of the state-required assessments, unless the student was specifically excused as a special education student or a limited English proficient student.

The bill specifies that this prohibition does not apply in the case of a student who did not take an elementary achievement assessment or high school end-of-course examination that was administered through the 2019-2020 school year. This provision will ensure that a district or school retains per-pupil funding in the 2017-2018, 2018-2019, 2019-2020, and 2020-2021 school years for a student who does not take a state assessment during the school year. Its effect may be an increase in state foundation aid paid by the state to school districts and the amounts transferred on behalf of students educated in community and STEM schools in FY 2018, FY 2019, FY 2020, and FY 2021.²

Scholarship students

The bill extends through the 2019-2020 school year a state scholarship eligibility provision that was in effect for the 2014-2015 school year, allowing a student who (1) attended a chartered nonpublic school under the Educational Choice, Autism, Jon Peterson Special Needs, or the Cleveland Scholarship Program, and (2) did not take a state-required assessment, to continue to receive or be eligible for a scholarship, provided the student satisfies all other conditions of the scholarship program. Under current law, a student who does not take a state-required assessment is considered ineligible to receive a scholarship under those programs.

In most cases, scholarships are financed by deductions to the state aid of scholarship recipients' districts of residence. However, the Cleveland Scholarship Program is financed by both deductions and direct state payments and income-based EdChoice scholarships are financed solely by direct state payments. As a result of the bill, deductions of school district state aid and direct state payments may be higher than otherwise in the 2017-2018, 2018-2019, 2019-2020, and 2020-2021 school years. The number of scholarships funded through direct state payments is limited to the amounts appropriated for that purpose.

² A 95% participation rate on state assessments is still required for a district or school to maintain compliance with federal education law. States not meeting this threshold must develop a plan to address the issue and could be subject to various state or federal enforcement actions.

Teacher and principal evaluations

The bill eliminates the Ohio Teacher Evaluation System (OTES) and the Ohio Principal Evaluation System (OPES) and the guidelines and requirements related to those systems for all but municipal school districts (i.e., Cleveland). However, it does not expressly prohibit a district or school from conducting its own evaluations of its teachers and administrators according to its own policies.³

State fiscal effects

The bill appears to eliminate the state's expenditures associated with teacher and principal evaluation systems. Currently, these expenses amount to about \$2.2 million per year, paid through an earmark of about \$1.0 million per year in GRF line item 200448, Educator Preparation, and \$1.2 million per year from GRF line item 200439, Accountability/Report Cards, for the roster verification student-teacher linkage system.

Local fiscal effects

The fiscal effect of this provision on public districts and schools will depend on how these entities react to the flexibility provided by the bill. Presumably, school systems will continue to evaluate teacher performance in some fashion. It could be that some schools experience administrative savings, depending on how or if they restructure their evaluation systems. Currently, school administrators, principals, and school-designated evaluators determine teacher evaluation ratings at certain prescribed intervals of time from teacher-submitted professional growth plans, two half-hour classroom observations, informal observations, and student academic growth ratings. The framework for evaluating principals is similar. Currently, public districts and schools may also choose to implement an alternative teacher evaluation framework that incorporates student surveys, teacher self-evaluations, peer review evaluations, student portfolios, or other components determined appropriate by the district or school. On the other hand, many districts across Ohio, because of existing law, have switched to the state-funded Electronic Teacher and Principal Evaluation System to document and track their evaluations. By eliminating a statewide process and rubric, districts may experience an increase in costs to establish their own systems for this purpose.

Distribution of student and teacher information

In general, the bill stipulates that only aggregate data can be provided to the federal government, even if student or teacher personally identifiable information is required as a condition of receiving a federal grant, unless the grant recipient obtains informed written consent from the parents or guardians or the teachers, as applicable. This provision is unlikely to have a fiscal effect. Most school district data submitted to

³ Due to recent changes in federal law, the elimination of OTES and OPES are unlikely to result in federal consequences, as long as the state implements plans to ensure that disadvantaged and minority students are not disproportionately served by ineffective, out-of-field, or inexperienced educators. The federal Every Student Succeeds Act (ESSA), the successor to No Child Left Behind (NCLB), eliminates the federal requirement for educator evaluations.

the federal government is submitted through ODE. ODE only reports aggregated counts at the state, local, and school building levels for various indicators that are required for participation in federal education programs. Yet, there are also some instances when a school district may submit data directly to the federal government without it going through ODE first. Since ODE does not manage the data collection, the extent of the school district data sent directly to the federal government on a statewide basis is unclear. Thus, LSC cannot rule out the possibility that the federal government will impose some sort of penalty for noncompliance if a grant recipient refuses to provide personally identifiable information when a federal grant requires it.

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