



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

**Bill:** Sub. [S.B. 180 of the 128th G.A.](#)      **Date:** December 16, 2009  
**Status:** As Reported by Senate Education      **Sponsor:** Sen. Husted

**Local Impact Statement Procedure Required:** No — Possible indirect local effects

**Contents:** Permits the establishment of a longitudinal data system, creates an exception to the moratorium on new e-schools, and requires the use of student performance data in evaluating teachers and principals

### State Fiscal Highlights

STATE FUND	INITIAL FISCAL YEAR	FUTURE YEARS
<b>General Revenue Fund</b>		
Revenues	- 0 -	- 0 -
Expenditures	Estimated increase of \$750,000 for maintenance and support of data system	Estimated increase of \$565,000 for maintenance and support of data system
<b>Federal Special Revenue Fund Group</b>		
Revenues	Increase from the federal SLDS grant program	- 0 -
Expenditures	Offsetting increase for design and development of data system	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2010 is July 1, 2009 – June 30, 2010.

- The bill permits the Ohio Department of Education (ODE) and the Board of Regents (BOR) to establish a P-16 longitudinal data system. According to ODE, funding for the design and development of such a system may be applied for through the federal State Longitudinal Data Systems (SLDS) competitive grant program of the American Recovery and Reinvestment Act.
- ODE also estimates additional costs associated with the maintenance and support of such a system at \$750,000 in the first year of operation and \$565,000 in subsequent fiscal years.

### Local Fiscal Highlights

- If the bill's exception to the e-school moratorium results in more e-school students, the bill may lead to a decrease in state revenues for school districts; this may also result in a decrease in expenditures if the district is no longer educating these students.

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## Detailed Fiscal Analysis

### Establishment of a P-16 longitudinal data system

The bill permits the Ohio Department of Education (ODE) and the Chancellor of the Board of Regents (BOR) to establish a longitudinal data system for students in public elementary and secondary schools and public institutions of higher education by combining their student data, using ODE's existing system for giving each student a unique identifier number. While the data repository will be physically maintained within ODE's technical infrastructure, the Superintendent of Public Instruction and the Chancellor jointly must develop procedures for the maintenance of the combined data repository and designate the types of research that may be conducted using the data.<sup>1</sup>

According to a spokesperson for ODE, costs associated with the design and development of a new data system capable of meeting the bill's guidelines for transfer, storage, and reporting of P-16 data would be allowable uses of any federal funds received by the state under the State Longitudinal Data Systems (SLDS) grant program of the American Recovery and Reinvestment Act (ARRA). Based on the state's successful history in obtaining SLDS grant funding, ODE's estimate of the costs of implementing the new longitudinal data system assume that development costs can be met with federal funding.

However, costs associated with maintenance, support, and operations of the new system are not allowable uses of these same SLDS federal funds. ODE estimates that maintenance, support, and operations costs associated with the new P-16 longitudinal data system will be approximately \$750,000 in the initial year and \$565,000 in subsequent years. These estimates include annual personnel costs of \$300,000 for three information technology professionals; annual software and hardware licensing fee costs of \$265,000; and initial year costs of \$170,000 to \$185,000 for the purchase of additional licenses and a new server. The bill requires that these costs be paid from funds received through ARRA Race to the Top, other federal grant programs, or existing appropriations of ODE or BOR.

### Exception to e-school moratorium

The bill creates an exception to the existing moratorium on new e-schools. Under the bill, an entity may sponsor a new e-school for each community school sponsored by the entity that, on or after September 1, 2009, is rated in need of continuous improvement or above on the annual school building report cards. In FY 2009, 130 community schools met this criterion. This provision may result in more

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<sup>1</sup> The bill identifies several permitted uses of the data but also allows the Superintendent and the Chancellor to use the data for other purposes. The bill also states that all uses of student data must conform to the federal Family Educational Rights and Privacy Act of 1974 (20 United States Code 1232g).

e-schools being opened, which in turn, may result in more students choosing to attend e-schools.

If a student leaves a traditional school district school to attend an e-school, the district's revenues and expenditures may both be affected. Under the state funding formula, the student will continue to be counted in the average daily membership<sup>2</sup> (ADM) of the district for funding purposes. Funding for the student, however, will be deducted from the district's calculated state funding allocation and will "follow" the student to the community school. In FY 2010, the base amount deducted for each e-school student is \$5,718.<sup>3</sup> Since the district will no longer be responsible for educating the student, its expenditures may also decrease.

If a student leaves a nonpublic school to attend an e-school, the state's expenditures may increase since the student will now be counted in statewide ADM. Generally, the district's ADM will increase, causing an increase in its state funding allocation, and it will have funding deducted as described above. In this case, since the district was not educating the student, it will not be able to decrease those expenditures. These effects are complicated by provisions of the school funding formula that provide districts with a certain level of funding, either through a guarantee or a cap, that is not dependent on the districts' ADMs. Districts on the guarantee or under the cap may not see an increase in their state funding allocation when their ADM increases. In FY 2010, approximately 590 (96.4%) of the districts are either on the guarantee or under the cap.

### **Teacher and principal licensure**

The bill modifies the qualifications required by Am. Sub. H.B. 1 of the 128th General Assembly for new teacher licenses and principal licenses, primarily by adding a value-added measure of student performance. These modifications are not likely to significantly increase costs for the Department of Education beyond the current H.B. 1 requirements.

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<sup>2</sup> ADM is the measure the state uses for the number of students residing in each district.

<sup>3</sup> Base funding supplements totaling \$50.91 are also deducted for each student plus additional funding if the student receives special education.