



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [Sub. H.B. 343 of the 130th G.A.](#)
(LSC 130 1533-3)

Date: November 10, 2014

Status: In House Education

Sponsor: Rep. Stebelton

Local Impact Statement Procedure Required: Yes

Contents: Revises the laws on high school assessments; reporting on student truancy, adult students, and students with disabilities; and educator licenses issued to Teach for America participants

State Fiscal Highlights

- The bill requires the Ohio Department of Education (ODE) to make available an end-of-course exam in biology for FY 2015 and FY 2016 and possibly thereafter. According to ODE, the cost to finish development of this exam could be up to \$1 million, depending on whether the test will be administered for the first time this school year or next.
- The bill eliminates an October 1, 2015 effective date for an exemption for chartered nonpublic schools from state-mandated high school end-of-course exams. This may reduce ODE's assessment system costs in FY 2015 by up to an estimated \$550,000.
- The bill makes some minor adjustments to the way in which truant and high school students are counted for the purposes of the state foundation funding formula, likely resulting in a relatively small increase in such funding.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill makes various changes to a variety of education laws, including assessments for high school students, the way in which student enrollment is counted for certain students for purposes of the state foundation funding formula, reports for students with disabilities and adult students, and educator licenses issued to Teach for America participants. Provisions with a fiscal effect are discussed below.

College and Work Ready Assessment System

The bill makes several changes to the College and Work Ready Assessment System, Ohio's new system of high school assessments used for accountability purposes and as one determinant of eligibility for a high school diploma. The system replaces the Ohio Graduation Tests (OGTs) beginning with students that entered the 9th grade in the current 2014-2015 school year. Under current law, the system is comprised of a national college admissions exam provided to 11th grade students and seven end-of-course exams, two in English language arts, two in mathematics, and one each in physical science, American history, and American government.

Science end-of-course exam

The bill requires the Ohio Department of Education (ODE) to provide an end-of-course exam in biology in FY 2015 and FY 2016 as an alternative to the exam in physical science. After FY 2016, the State Board of Education may choose to provide one or both of the exams. This change is in response to concerns that some schools may not offer a course specifically in physical science or may only offer the course during the 7th and 8th grades instead of in the 9th grade, as is the norm. Biology is a course typically taken during the 10th grade and was one of the ten subjects originally slated for an end-of-course exam under the original graduation requirements system approved by the State Board in November 2013. Thus, ODE had begun developing an exam, including field tests in the spring of 2014, before work was suspended following the test's elimination by H.B. 487 of the 130th General Assembly.

ODE's assessment system costs will increase to complete development of operational forms and finalize test items. According to ODE, it is too late in the school year to complete development of both online and paper versions of the exam for administration this spring. However, an online-only version of the exam for this school year can be developed on a fast-track at an estimated cost of roughly \$1 million. Even so, a limited number of students (those in the 9th grade and below) taking the tests may present some data quality issues with setting scoring standards. Development costs would be less if administration of the test does not begin until the 2015-2016 school year, the first year most students falling under the new assessment system will take a biology course and thus, would be more likely to take the exam.

End-of-course exam exemption for chartered nonpublic schools

Under current law enacted in H.B. 487, all chartered nonpublic school students entering the 9th grade beginning in the current 2014-2015 school year must meet curriculum requirements as well as one of three assessment pathways in order to graduate. However, effective October 1, 2015, H.B. 487 exempted chartered nonpublic school students from taking the end-of-course exams as long as the schools publish certain performance data for each graduating class on the national college admissions exam that is part of the high school assessment system. Meanwhile, H.B. 487 created a committee to make recommendations regarding graduation and state-mandated testing requirements for such students by January 15, 2015.

The bill eliminates the exemption's October 1, 2015 effective date, setting into effect the exemption upon the bill's effective date, which, in practice, can be no later than late March or early April 2015.¹ Because fewer end-of-course exams may be taken this fiscal year, ODE's assessment system costs for FY 2015 may decrease by up to an estimated \$550,000. This estimate is based on certain assumptions. We assume each nonpublic student would have taken three end-of-course exams during the 9th grade: English language arts I, algebra I, and physical science. In general, the test vendor for the Partnership for Assessment of Readiness for College and Careers (PARCC) charges \$12.47 per computer-based test and \$17.97 per paper-based test. Since the actual costs for science and social studies assessments, which are contracted through a different vendor, have not been determined, we assumed the per-test charges for the physical science exam are the same as those for the PARCC exams. The estimate assumes that all chartered nonpublic schools opt to forego the exams. There were about 12,100 10th grade nonpublic school students that took all of the five OGTs in March 2014; there are likely a similar number of 9th grade students that otherwise will take each applicable exam. Finally, we assume an equal number of students would have taken paper-based and computer-based assessments, as ODE's student testing volume projections for FY 2015 for the PARCC tests presume such a split among the two formats. Thus, the estimated decrease of up to \$550,000 is derived as follows: $(\$12.47 \text{ per computer test} \times 3 \text{ tests} \times 6,050 \text{ students}) + (\$17.97 \text{ per paper test} \times 3 \text{ tests} \times 6,050 \text{ students})$.

Student enrollment

The bill makes some adjustments to the way in which certain students are counted for the purposes of the state foundation funding formula. The circumstances addressed by these changes do not appear to be common, making any resulting increase in state foundation funding likely to be relatively small. Note that FY 2015 is the first year in which the state will be using an annualized, full-time equivalent (FTE)

¹ Note that the first spring 2015 testing window runs from February 16 through March 20, when students will complete performance-based assessments, the first component of state-mandated testing.

student enrollment method for counting students for the purposes of the formula. In general, students are counted based on the portion of the year they are enrolled under the new method. Formerly, districts counted their students over one week in October then calculated the daily average.

Withdrawal requirements

Under current law, if a student fails to participate in learning opportunities and has not received an excused absence for 105 continuous hours, the school district must withdraw the student for the purposes of the student count. The bill delays withdrawal of a student until the student has at least 265 continuous hours of unexcused absences.² This change will increase the amount of state foundation funding for school districts in these circumstances, assuming that a student is not a "no show" (i.e., enrolled the previous school year but not participating at all in educational activities in the current school year).³ In the case of a "no show," the district does not receive credit for any hours enrolled before withdrawal. In FY 2015, school districts receiving temporary transitional aid or subject to the gain cap will also not receive any additional funding from this change.

Consider the example of a hypothetical student who is withdrawn for a continuous number of hours of unexcused absence. Assume that the student's school engages in instructional time for 1,100 hours over the course of the school year. The student began the year attending classes but has since been absent for 265 continuous hours without excuse and has been withdrawn under the bill. Under current law, the student would have been withdrawn after 105 continuous hours of unexcused absences. Thus, under the bill, the student is credited for an additional 160 hours, representing a marginal 0.145 FTE ($160/1,100$) for the district. The funding impact on the district's state foundation funding will depend mostly on the characteristics of the student and the district's state share index, which measures local revenue generating capacity and ranges from 5% to 90%. For simplicity, assume (1) that the student is "typical" (i.e., not

² In the meantime, when a student reaches at least 60 *cumulative* hours of unexcused absences, the bill requires a district to notify a student's parent or guardian of the consequences for continued truancy. Once a student reaches 105 *cumulative* hours, the bill requires that a district take appropriate action under current law. "Appropriate action" under current law might include such things as the district requiring the student's parent or guardian to attend parental involvement or parent education programs, or filing a complaint against the child and the child's parent or guardian that the child is an unruly or delinquent child depending on the student's truancy status.

³ Draft annualized FTE enrollment policy recommendations developed by ODE and external stakeholder groups would also require school districts to make a good faith effort (and provide documentation of that effort) to get the student back in school in order to receive funding for the 105-hour standard in current law.

receiving special education, not economically disadvantaged, not limited English proficient, etc.), and (2) the student's district does not receive transitional aid and is not subject to the gain cap. The additional amount the district will receive for the student under the largest component of state foundation funding, the opportunity grant (based on the FY 2015 per-pupil formula amount of \$5,800), will range from about \$42 ($\$5,800 \text{ per FTE} \times 0.145 \text{ FTE} \times 0.05$) to about \$757 ($\$5,800 \text{ per FTE} \times 0.145 \text{ FTE} \times 0.90$).

The bill requires ODE to track and record the number of students who meet the bill's truancy thresholds described above, which may increase ODE's administrative burden. Under the bill, school districts that fail to comply with the bill's requirements could be subject to a reduction in the district's state foundation funding.

Minimum credit hours for high school students

According to ODE, to generate a full FTE in a district's student count, a student must be enrolled in learning opportunities for the entire day the student's grade is scheduled. If a student does not participate in a learning opportunity for one or more periods during the school day, the student's reported FTE must reflect this and would be less than one, which will impact the district's state foundation funding.

The bill requires ODE to consider a student in any of grades 9 to 12 as one FTE if the student is enrolled in at least five units of instruction per school year. In general, this change will increase state foundation funding to school districts for high school students that, under current law, would have been counted as less than one FTE due to the student being enrolled for less than a full school day. This situation applies to students who have been approved by their district to leave school early in order to work jobs unrelated to an instructional purpose, such as a work study program. It may also apply to seniors that are regularly granted early release or late arrival if they need less than a full-time load of credit hours in order to graduate. Like the provision above, school districts receiving temporary transitional aid or subject to the gain cap in FY 2015 will also not receive any additional funding from this change this fiscal year.

Academic performance reports for students with disabilities

Beginning October 1, 2015, current law requires ODE to annually report for each school district, community school, STEM school, and college-preparatory boarding school various academic performance measures for students with disabilities enrolled at the district or school. The bill modifies and adds to the measures that must be reported, which may increase ODE's administrative burden with respect to producing the reports.

Adult learner data collection

Beginning in FY 2015, continuing law, enacted in H.B. 483 of the 130th General Assembly, permits individuals ages 22 and older that have not received a high school diploma or a certificate of high school equivalence (referred to as "adult learners") to enroll for up to two cumulative school years in certain traditional or joint vocational

school districts, community schools, or community colleges, university branches, or technical centers in order to earn a high school diploma. Continuing law also requires the State Board of Education to adopt rules by December 31, 2014 regarding administration of the programs for these students, including data collection and other subjects. The bill codifies one of these proposed rules, which specifies the types of data ODE must collect for each participating adult learner. Since the data would likely have been collected as a result of the rule authorized under continuing law, there is no direct fiscal effect as a result of this provision.

Synopsis of Fiscal Effect Changes

- The substitute bill (LSC 130 1533-3) removes the provisions of the prior substitute bill (LSC 130 1533-1) that permitted up to 1,500 adult learners to enroll in a traditional school district, a joint vocational school district (JVSD), or a community school operating a dropout prevention and recovery program in order to earn a high school diploma and provided a state subsidy of up to \$5,800 per pupil to districts and schools educating those students. A similar program was enacted in H.B. 483 of the 130th General Assembly.
- The substitute bill (LSC 130 1533-3) removes the provisions of the prior substitute bill (LSC 130 1533-1) that relaxed some GED test eligibility restrictions. These provisions were enacted in both H.B. 483 and H.B. 487 of the 130th General Assembly.
- The substitute bill (LSC 130 1533-3) removes the provisions of the prior substitute bill (LSC 130 1533-1) that authorized a community school that serves students enrolled in a dropout prevention and recovery program to operate an Adult Basic and Literacy Education (ABLE) Program.
- The substitute bill (LSC 130 1533-3) adds all the provisions associated with the College and Work Ready Assessment System, student enrollment, and reporting of data for students with disabilities and adult learners and their associated fiscal effects discussed above.