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# S.B. 30 Report

# School Mandates



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## **PREFACE**

Several draft copies of this report were made public in May of 2001. The cost estimates in the draft reports were made using a faulty methodology and the draft report did not disclose other issues regarding the reliability of the data used for the estimates. There was some controversy and apparent confusion surrounding these draft copies. This preface will, hopefully, clear up some of this confusion.

## **RELIABILITY OF COST ESTIMATES**

Most of the cost estimates in this report are based on data collected through a survey conducted by the former Legislative Budget Office, now merged into the Legislative Service Commission, in May through August 2000. LSC is not satisfied with the quality of the data. The response rate is too low and there are a number of indications that the cost estimates are inaccurate. (These data issues are described in the introduction of the report.) A number of options were considered to try to remedy this reliability problem.

- The first option was to not report the data. This course was not taken because the draft reports that were made public used the data and made a number of methodological calculation errors. In addition, LSC is required by statute to provide some estimate of these costs.
- The second option was to attempt to create an improved questionnaire and resurvey a sample of districts. This course was not chosen because due to the nature of the mandates studied, it is not evident that a new questionnaire would make it much easier for school district respondents to accurately estimate costs. Also, subsequent legislation has significantly changed the mandates covered in this report. It does not make sense to ask school districts to try to estimate what a mandate “would have cost” if it had not been subsequently changed.
- The third option was to telephone all the survey respondents and try to verify their answers. This option was rejected for the same reasons the second option was rejected. In addition, a few respondents were contacted by telephone and they invariably did not remember why they had answered as they had. These telephone calls occurred almost a year after the questionnaires were completed. This option also would not have corrected any bias resulting from the failure of over half the districts surveyed to respond to the questionnaire.
- The fourth option was to use the data but include in the report an explanation of why LSC does not recommend having confidence in the results. This is the option that was chosen.

## **PERSPECTIVES ON THE MEANING OF THE “COST OF A LAW”**

S.B. 30 specifically requires LSC to estimate “the cost to school districts of each school law....” There are a number of different perspectives on what variables should or should not be included in the measure of the cost to school districts of a law. These different perspectives would result in very different cost estimates. LSC chose in this report to follow the perspective taken historically in all the previous S.B. 30 reports. The elements of this perspective should result in a cost estimate somewhere in the middle of the possible estimates. The elements of the chosen perspective and some alternatives to each element are summarized here.

- **LSC attempted to estimate the *additional* cost incurred by a school district to bring itself into compliance with the law. In other words, if a district was already in compliance before the law was enacted it would incur no *additional* cost.**
- An alternative perspective is to include not just the additional cost, but also the cost of what the school district was already doing. This perspective takes into account the loss in flexibility experienced by a school district when a law is enacted, even if the district was previously meeting the law’s requirements. For example, S.B. 55 increased the minimum units of credit necessary for graduation from 18 to 21. Most school districts were already requiring more than 18. Is the cost of the law equal to the cost for all districts of offering three units of credit, or is the cost of the law equal to the sum of the costs each district must incur to raise its requirement to 21?
- **LSC attempted to estimate the actual costs incurred by each school district. This cost is dependent on how the district interprets the law and how it chooses to implement the law.**
- An alternative perspective would disregard each district’s local implementation decisions by measuring only the cost to the average district or the cost of doing the minimum necessary for compliance. For example, in response to the remediation requirements of S.B. 55, some districts may introduce after-school programs when remedial instruction during the regular school day may be sufficient for compliance with the law. Should the cost of S.B. 55 include after-school programs if these are not strictly necessary for compliance?
- **LSC did not attempt to correct for any possible future cost savings as a result of the law.**
- An alternative perspective would attempt to correct for these future savings. For example, H.B. 412 requires that school districts set aside a certain amount for spending on capital and maintenance. Presumably, these expenditures will improve building maintenance and help the district avoid more costly repairs in the future. Should these savings be estimated as an offset to the cost of H.B. 412?

- **Finally, LSC did not attempt to subtract any funding from the cost to school districts.**
- An alternative perspective would subtract out funding so that the “cost” to the school district is only the cost that is “unfunded.” Attempting to determine funding for mandates involves additional issues discussed below. Since S.B. 30 does not require a determination of “funded” versus “unfunded” costs, the report provides some funding information but does not attempt to resolve those issues.

## **FUNDING MANDATES**

The S.B. 30 report has never been a study of *unfunded* mandates. Whether or not these mandates are funded would depend on the answers to several questions, such as:

- How should the cost to be funded be measured? As already discussed, there are different perspectives on what should be included in the cost of a mandate.
- Can state aid in the form of “base cost funding” be considered to be partially or completely funding some mandates, even though it is not specifically tied to certain activities? Can state aid in the form of discretionary grants be considered as state funding if a district *could* choose to use the grant for the mandated item, even if the district in fact chooses to spend it for some other permissible purpose? What other types of state aid qualify as funding a particular mandate? Should federal aid be included, especially in cases where state mandates partially result from federal law?
- Does funding a mandate require that the state pay *all* the cost, or should there be a local share?

The answers to these questions are beyond the scope of the S.B. 30 report, and beyond the authority of LSC staff to decide.

## **CORRECTIONS TO THE DRAFT REPORT METHODOLOGY**

This section describes the corrections in the methodology made since the draft reports were made public. The methodology is described in more detail in the introduction of the report.

- The data were checked against the actual surveys for data-entry errors. A number of data-entry errors were identified. These were corrected so that the data accurately reflect the survey responses.
- Anomalous and inconsistent responses on the survey were clarified, when possible, by directly telephoning the survey respondents. This resulted in the modification of responses from five surveys. As previously stated, telephoning all the respondents was not attempted for two major reasons: 1) almost a year had passed since the questionnaires had been filled out, and those who were contacted were not able to remember why they answered questions as they did, and 2) subsequent legislation has significantly changed the laws covered in this report, so it would have been confusing to ask for costs that are now irrelevant.

- As in previous S.B. 30 reports, cost data for each stratum were divided by the Average Daily Membership (ADM) of the respondent school districts before averaging across strata. School districts vary greatly in size so it is common practice to divide by ADM in order to make the data comparable. The draft report simply added up the reported costs and divided by the number of respondent districts to get an average district cost, as if all districts were the same size. This practice, when coupled with the overrepresentation of large urban districts in the sample, tended to overestimate the costs. The average school district size for the 85 respondents was 4,893, 74 percent larger than the average school district size for the state, which is 2,811.
- In order to correct for the overrepresentation of certain types of districts in the sample and underrepresentation of other types of districts, the average cost data were weighted by the percentage of total state ADM in each category. This methodology is the same as that used in the previous S.B. 30 reports. Data on the percentage of respondents from each category and the weights used to adjust the data are given in Table A in the introduction of the report. Three district types with fewer districts were over-sampled to ensure adequate representation. The draft report did not correct for this over-sampling.
- The draft report calculated the statewide cost for each area by multiplying the average district cost in that area by the total number of school districts in the state and by the percentage of respondents indicating a cost in that area. This particular practice starts with a miscalculated and often overestimated average cost and then underestimates the statewide cost by varying amounts since the average cost was calculated as an average over all the respondents, not just those indicating a cost in the area. The combination of these errors resulted in the draft report overestimating the statewide costs in some areas and underestimating the statewide cost in other areas. The statewide cost in this final report is calculated by multiplying the weighted average per pupil cost by the total ADM in the state. Again, this methodology is the same as that used in the previous S.B. 30 reports.
- A margin of error was computed for each cost estimate at a 90 percent confidence level. Ninety percent is a relatively low confidence level. Apparently, however, the original sample was intended to be at this level, although the draft report did not attempt to assign a margin of error to each estimate.

## EXECUTIVE SUMMARY

This document is the fourth report issued in response to Amended Senate Bill 30 of the 119<sup>th</sup> General Assembly. It attempts to estimate the cost to Ohio public school districts of complying with Ohio laws enacted in calendar years 1996 through 1999. The laws covered in this report include Substitute House Bill 412 (H.B. 412) and Amended Substitute Senate Bill 55 (S.B. 55) of the 122<sup>nd</sup> General Assembly. Subsequent bills, Amended Substitute Senate Bill 345 (S.B. 345) of the 123<sup>rd</sup> General Assembly, and Amended Substitute House Bill 94 (H.B. 94) and Amended Substitute Senate Bill 1 (S.B. 1) of the 124<sup>th</sup> General Assembly, have made major changes to the provisions of H.B. 412 and S.B. 55. These changes are briefly discussed in this report.

### SURVEY DATA ISSUES

Several issues related to the survey data cast doubt on the accuracy of the cost estimates presented in this report. These are briefly listed here and explained in more detail in the methodology section of the report.

- **Nonresponse bias:** Of the 180 school districts initially surveyed, only 85 districts completed and returned the questionnaire. This response rate of 47 percent is well below the 75 percent that is generally deemed acceptable for this type of research. A low response rate increases the probability that the sample will contain nonresponse bias. Nonresponse bias occurs when nonrespondents differ systematically from respondents.
- **Questionnaire design:** The questionnaire had several weaknesses. Some of these may have led to respondents answering the same question differently. Others may have led respondents to include or leave out relevant costs or perhaps to double-report some costs. Still others may have created respondent bias.
- **School district estimates:** The respondents were asked to estimate costs for which data are not regularly collected, and for which there may be no uniform agreement on what to include in the cost. This introduces the possibility of inaccurate estimates, as well as differences in how each respondent answered the same question.
- **Margins of error:** The margins of error are large (19 percent-25 percent of the cost estimate) even though calculated at a relatively low confidence level of 90 percent. These margins of error represent only sampling error, not the other, perhaps more significant errors described above.

### MANDATED COST ESTIMATES

#### H.B. 412

H.B. 412 requires school boards to set aside 3 percent of their annual qualifying revenues in a capital and maintenance fund and a textbook and materials fund. The following cost estimates were made using data collected by the Department of Education for fiscal years 1996

through 1998, not the data collected by the survey. On average, school districts were already meeting the set-aside requirement in fiscal years 1996 through 1998. However, more than half the districts were below the 3 percent requirement for one or both set-asides. The cost was estimated for these districts. The estimates represent the average annual additional spending on capital and maintenance and textbooks and materials these school districts would have had to incur in fiscal years 1996 through 1998 to be in compliance with H.B. 412, inflated to fiscal year 2000 levels at an annual rate of 2.8 percent. Three hundred and fifty-six districts (58 percent) were not already meeting the requirement for the capital and maintenance set-aside, and 339 districts (56 percent) were not meeting the textbooks and materials set-aside.

Mandated costs for fiscal year 2000:

Capital and Maintenance: \$80,417,189

Textbooks and Materials: \$47,529,817

S.B. 345 of the 123<sup>rd</sup> General Assembly modified these set-aside requirements. It established both set-asides at 3 percent of the previous year's per pupil base cost amount established by the General Assembly, multiplied by the Average Daily Membership (ADM) of each district. For most districts this change resulted in a lower required set-aside. Districts could also opt to use the old method established in H.B. 412 if desired. The following cost estimates use the same data and methodology as those above, but take into account the change instituted in S.B. 345. Two hundred seventy-five districts (45 percent) were not meeting the capital and maintenance set-aside under the S.B. 345 modifications, and 189 (31 percent) were not meeting the textbook and materials set-aside.

Mandated costs for fiscal year 2000 with S.B. 345 modifications:

Capital and Maintenance: \$44,036,728

Textbooks and Materials: \$12,171,744

H.B. 412 also required school districts to create and maintain a budget reserve fund. This requirement was completely eliminated by S.B. 345. Cost estimates were not calculated for this fund, since after its elimination, school districts were able to spend the money as they wished with minor qualifications. Finally, H.B. 412 required that districts prepare a five-year budget projection. Sixty-seven (79 percent) of the respondents' districts were making budget projections before enactment of H.B. 412; 33 (49 percent) of these were making projections of five or more years.

## **S.B. 55**

S.B. 55 changed the state graduation requirements for public high school students graduating after September 2001. It increased the total units necessary for graduation from 18 to 21 and increased core subject area requirements. Twenty-six (31 percent) of the respondents' districts were requiring 21 or more units of credit before enactment of S.B. 55. However, not all of these districts met S.B. 55 core subject area requirements. S.B. 55 also established what is known as the "fourth grade reading guarantee." This provision required, with certain qualifications, fourth grade students to obtain a "proficient" score on the fourth grade reading proficiency test in order to be promoted to the fifth grade. It also required that districts offer



intervention services to first, second, and third grade students identified as reading below grade level, including intense summer remediation after third grade. The following are estimates of the cost of these mandates to school districts. These cost estimates are made using data collected by the survey, and, therefore, may be unreliable due to the survey data issues already mentioned. Margins of error calculated at a 90 percent confidence level are given in parentheses. These margins of error only represent sampling error; they do not represent other, and likely more significant errors, such as nonresponse bias, errors due to faulty questionnaire design, and respondents' errors in estimating the relevant costs.

Mandated costs for fiscal year 2000:

Increase in graduation requirements: \$69,429,960 (+/- \$17,559,807)

Fourth grade reading guarantee:

Summer remediation: \$38,992,382 (+/- \$7,569,213)

Non-summer remediation: \$91,464,499 (+/- \$20,596,729)

H.B. 94 modified the graduation requirements of S.B. 55 by reducing from 21 to 20 the total units of credit necessary for graduation. Fifty-four (64 percent) of the respondents' districts were already requiring 20 or more units of credit before enactment of S.B. 55. Also prior to S.B. 55, the respondents' districts had, on average, 85 percent of their graduating seniors earning 20 or more units of credit. In addition to the changes made by H.B. 94, S.B. 1 modified the fourth grade reading guarantee provision of S.B. 55. The reading guarantee will change to a "third grade guarantee" and it will be based on a third grade reading achievement test scheduled to be administered beginning in fiscal year 2004. Additionally, students are no longer required to obtain a "proficient" score on the fourth or third grade test, but must now obtain a "basic" score. The "basic" score should be more easily attainable than the "proficient" score since the "proficient" score was designed to indicate the need for intervention whereas the "basic" score is designed to indicate the need for retention. The cost estimates given here do not reflect the changes instituted by H.B. 94 or S.B. 1.

## **INTRODUCTION**

Amended Senate Bill 30 of the 119<sup>th</sup> General Assembly requires the Legislative Budget Office (LBO), now merged into the Legislative Service Commission (LSC), to estimate the cost to school districts of each applicable school law that became effective during the preceding two calendar years. LSC is to estimate the aggregate cost of each law to all school districts, and the cost of each on a per pupil basis or per school district basis, or on another basis, as the office determines will be most useful. The bill became effective on July 31, 1992, and requires the LSC to submit a report to the General Assembly each even-numbered year.

This document is the fourth report issued in response to S.B. 30. The last report was issued in December 1996. The legislature authorized LSC to combine the report that was due in October of 1998 with this report because of the priority given to the school funding issue since 1997. This report, therefore, includes legislation enacted in the last four calendar years (1996-1999) as opposed to the last two calendar years. The laws covered in this report include Substitute House Bill 412 (H.B. 412) and Amended Substitute Senate Bill 55 (S.B. 55) of the 122<sup>nd</sup> General Assembly. Subsequent bills, Amended Substitute Senate Bill 345 (S.B. 345) of the 123<sup>rd</sup> General Assembly, and Amended Substitute House Bill 94 (H.B. 94) and Amended Substitute Senate Bill 1 (S.B. 1) of the 124<sup>th</sup> General Assembly, have made major changes to the provisions of H.B. 412 and S.B. 55. Some of these changes were designed to relieve school districts of portions of the mandates studied in this report.

## **SURVEY METHODOLOGY**

Most of the cost data used in this report are from a survey conducted by LSC in May 2000. The only exception to this is the cost estimates for the set-aside requirements of H.B. 412. The Department of Education has collected data on these set-asides for all school districts in the state. These data were deemed more complete and accurate than the survey data so they were used in estimating the costs of these provisions. The methodology for obtaining these estimates is included in the section of the report covering these provisions. The remaining cost estimates are all based on school district estimates reported on the survey conducted by LSC. The survey was sent to a stratified random sample of Ohio public school districts. The Ohio Department of Education clusters school districts throughout the state into categories according to three major variables: a rural/urban continuum, socio-economic status (SES), and poverty level. These categories make up the strata used for the sample. The four island districts and the 49 joint vocational school districts were not included in the sample. The cost estimates in this report, therefore, do not include the costs for these districts. The remaining 607 school districts fall into the following eight categories.

TABLE A SCHOOL DISTRICT STRATA						
	Description	Number of Districts in State	Percentage of Statewide ADM FY 2000	Number of Districts Surveyed	Number of Districts Responding	Respondents as a Percent of Stratum
1	Rural/Very low SES <sup>*</sup> , very high poverty	78	7%	19	6	8%
2	Small Rural/Low SES, low poverty	157	11%	39	17	11%
3	Rural Town/Average SES, average poverty	123	14%	30	16	13%
4	Urban/Low SES, high poverty	67	9%	19	10	15%
5	Large Urban/Average SES, high poverty	44	11%	19	9	20%
6	Major Urban/Very high poverty	14	20%	14	6	43%
7	Suburban/High SES, moderate poverty	89	20%	21	11	12%
8	Suburban/Very high SES, low poverty	35	8%	19	10	29%
	Total	607	100%	180	85	14%

\* SES refers to Socio-Economic Status

Rural districts have very low population density and a high or moderate percentage of agricultural property. Small town districts have low density, a moderate percentage of agricultural property, and some industrial economic base. Urban and suburban districts have high density, little or no agricultural property, and a large industrial base. Major urban districts have very high density, little or no agricultural property and a large industrial base. Socio-economic status (SES) is measured on a continuum based on three basic criteria: relative income levels, percentage of the population with some college or more, and percentage of the population employed in professional or administrative occupations. Poverty level is measured as the percentage of Ohio Works First families in the district.

Type one districts tend to be rural districts from Appalachian Ohio. Type two districts tend to be small, very rural districts outside Appalachia. They are similar to type one districts, but have much lower percentages of families receiving Ohio Works First. Type three districts tend to be small economic centers in rural areas of the state outside Appalachia. Type four districts tend to be small or medium size “blue collar” cities with high poverty rates. Type five districts tend to be larger and have a higher socio-economic status than type four districts. Type six districts include all of the six largest core cities as well as other large urban centers with high concentrations of poverty. Type seven districts typically surround major urban centers and have modest poverty levels. Type eight districts also surround major urban centers but they have almost no poverty and a very high proportion of population characterized as professional or administrative.

The original sample consisted of 130 districts proportionately allocated over the eight strata according to the number of districts in each stratum. Approximately 25 percent of the districts in each stratum were included in this sample of 130 districts. A total of fifty additional districts were added to the sample from district types five, six, and eight – strata that have relatively few districts. These strata were more heavily sampled in order to get responses from

an adequate number of districts to compute a meaningful average for the group. The last column of Table A shows the percentage of districts of each type that were included in the final sample. For example, for type one there are six respondents out of 78 type one districts, or 8 percent. If this were a simple random sample, the percentages for all the district types would have clustered around the total state percentage of 14 percent (85 districts out of 607). Since district types five, six, and eight were more heavily sampled, there are higher concentrations than average from these district types (20 percent, 43 percent, and 29 percent respectively). A low response rate from type one districts resulted in their concentration (8 percent) being a little more than half the total state concentration. These large concentration differences were corrected by weighting the average cost estimates by the percentage of statewide average daily membership represented by each type. These percentages are listed in Table A. Unlike the cost estimates, the response percentages for other questions were not adjusted for these concentration differences.

The estimates of the average cost per student and the total statewide cost were calculated as follows. The responses to each cost variable were added together for each stratum and divided by the total Average Daily Membership (ADM) of the respondent districts in that stratum. This resulted in an estimate of the average cost per student for each stratum. These average cost estimates were weighted by the proportion of total ADM attributable to each stratum and then added together. This resulted in an estimate of the average cost per student for the state. The total statewide cost was estimated by multiplying this average cost estimate by the total statewide ADM. A margin of error was computed for each cost variable at a 90 percent confidence level. A 90 percent confidence level is relatively low. Ninety-five percent is more widely used. A 95 percent confidence level would have resulted in much larger margins of error than those estimated in this report.

## **SURVEY DATA ISSUES**

Due to an unacceptably low response rate, it is impossible to know whether the costs reported by the respondents are actually representative of the costs of school districts statewide. The surveys were mailed to superintendents from 180 school districts in Ohio, but only 85 surveys were completed and returned. In order to make plausible inferences for the state as a whole, the response rate should usually be about 75 percent. The response rate for this survey is 47 percent, well below the acceptable level. Such a low response rate increases the probability that there is nonresponse bias in the data. This type of bias occurs when the costs incurred by nonrespondents differ systematically from the costs of respondents. LSC took measures to try to increase the response rate. For example, LSC staff as well as representatives from the Ohio Department of Education contacted school district superintendents by telephone and letter to encourage them to complete and return the survey. Also, additional copies of the survey were mailed out to the districts in the sample. In spite of these attempts the response rate remained low.

The nonresponse bias alone is enough to cast doubt on the reliability of the survey data. There are, however, other concerns relating particularly to the cost data. One such concern is the apparent difficulty some respondents had in estimating the costs of many of the mandates. In many cases, the data necessary to determine the costs asked for in the survey are not kept by the school district. For example, S.B. 55 changed the state minimum graduation credit requirements.

In response, some districts may have had to add or modify courses or shift schedules. These changes may have resulted in a variety of additional costs. For example, perhaps a new teacher would need to be hired, or a regular classroom would need to be converted into a science lab, or new textbooks or other materials would need to be purchased. All these costs are part of the larger operating budget for the district. School districts would have had no reason to collect data about these costs separately just for changes made to be in compliance with the new graduation requirements. The questionnaire attempted to make the estimation process easier by asking for certain types of costs, such as costs for “teachers” and “new facilities,” in order to trigger the respondent to think about the changes the district made in response to the law. Nevertheless, two respondents indicated in telephone conversations that their estimates were very “rough.” In addition, many of the respondents indicated there were no costs, and those reporting positive costs reported costs that varied widely over different districts in the same type classification, even when weighted by the ADM of the district. Both of these facts may be indications of the trouble respondents had in accurately estimating many of the costs.

Contributing to this estimation difficulty is the nature of many of the mandates studied in this report. These mandates sometimes require school districts to prioritize their activities and their spending on those things the state deems are most important. They do not require districts to do something new that has been totally outside their normal functions. For example, S.B. 55 requires school districts to provide remediation to students at risk of not passing the fourth grade reading proficiency test. Most school districts have, presumably, already been providing reading remediation, as it is part of their traditional role of teaching students to read and helping students having difficulties. The S.B. 30 survey asked school districts to estimate *additional* remediation costs solely due to the enactment of S.B. 55. Separating the costs of remediation a district would do without S.B. 55 from the remediation it is mandated to do because of S.B. 55 is a difficult, and perhaps impossible, task.

A possible bias in the survey data comes from the potential belief on the part of the respondent that his or her response on the survey may affect the amount of state funding received by school districts. This problem may occur more readily when the data are not regularly collected and the costs are not precisely known, because a lack of precision gives respondents more opportunity to overestimate or underestimate the costs according to a possible, and perhaps unintentional, bias.

It will be noted throughout the report that the margins of error are relatively large. These margins of error relate only to sampling error. They do not measure the nonresponse or respondent bias previously discussed or any error the respondent may have made in understanding the specific cost to be estimated or in estimating that cost. A larger sample would be necessary to reduce these margins of error. Unfortunately, it was not possible to increase the sample size. Contributing to the large margins of error is the fact that responses on many items vary widely across respondents. This may indicate true variation or a weakness in the survey instrument. One such weakness is an unintentional lack of specificity in the questions that may have led to different respondents interpreting the same question differently. The ability, motivation, and time allotted to coming up with the estimates may have varied widely among the respondents. For example, the questionnaire asks for an estimate of increased costs related to “teachers” in an area such as the mandate to provide reading remediation. Respondents may be

interpreting the costs associated with teachers in a variety of ways. For example, some respondents may only include salary costs. Others may include the costs of benefits. Others may also include training, supervision, and other costs possibly related to “teachers.” Another complicating factor is that the survey does not indicate that all the areas are mutually exclusive, although they were intended to be. Some respondents may have put the same costs in more than one area. This is especially true for questions that ask for costs in the two areas, “teachers” and “additional staff.” It is not clear from the survey that “additional staff” refers only to nonteaching staff. Some survey respondents clearly indicated they put the same costs in both areas. In this case, the surveys could be corrected, but when the error was not obvious, correction was not possible. Also, the survey asks for costs due to the “report card” provision of S.B. 55. These costs could be confused with the costs of remediation or graduation requirements that should be reported later in the survey. This lack of clarity could easily have led to double-counting some of these related costs.

Also contributing to the large margins of error is the fact that many of the responses to any one cost question are blanks. It is not clear if a respondent has left a cost question blank because he or she does not know or cannot estimate the cost or because the cost is actually zero or negligible. The estimates in this report are made under the assumption that blanks indicate zero cost, as this was the intention of the questionnaire. The number of respondents reporting positive costs for each cost variable is reported along with the cost estimates. The reader must take into consideration that some cost estimates are based on positive responses from just a few of the districts in the state.

## **MANDATES OF H.B. 412**

Sub. H.B. 412 of the 122<sup>nd</sup> General Assembly (H.B. 412) required school boards to set aside a portion of their annual revenues in a budget reserve fund, a capital and maintenance fund, and a textbook and instructional materials fund. It also required school districts to develop and submit to the Department of Education a five-year budget projection. As originally adopted, the textbook and instructional materials fund was to consist of 4 percent of the district's qualifying operating revenues. It was to be used for textbooks, instructional software, and instructional material, supplies, and equipment. The capital and maintenance fund was to consist of 4 percent of district qualifying revenues that are normally deposited in its general fund. It was to be used for the acquisition, replacement, enhancement, maintenance, or repair of permanent improvements. Any money in either of these two funds not used in any fiscal year was to carry forward to the next fiscal year. H.B. 412 allowed the Auditor of State to set different percentage requirements for these funds. The Auditor lowered the percentages to 3 percent for each fund. This 3 percent amount was phased in so that in fiscal year 1999 2 percent was required and in fiscal year 2000 3 percent was required. The budget reserve fund was to be maintained at no less than 5 percent of the preceding year's general revenue fund. It was to be maintained for the purpose of covering unanticipated revenue shortfalls and other emergencies. Starting in fiscal year 1999, a school district was to credit at least 1 percent of its revenue for current expenses to the budget reserve fund in any year in which the district's revenue for current expenses grew by 3 percent or more, until the budget reserve fund reached 5 percent of the district's general fund revenue for the preceding year.

Am. Sub. S.B. 345 (S.B. 345) modified these set-aside requirements beginning in fiscal year 2001. The capital and maintenance and the textbook and materials funds are both set at 3 percent of the previous year's per pupil base cost amount established by the General Assembly multiplied by the Average Daily Membership (ADM) of each district. This change decreased the amount of the set-asides for most districts and simplifies the calculation. Districts have the option of using the previous method of calculating the set-aside requirement, so that no district will be required to set-aside more in these funds as a result of S.B. 345. S.B. 345 also completely eliminated the requirement for districts to maintain a budget reserve fund, and permits districts to spend any money already deposited in the fund as the district chooses, except for funds originating as rebates from the Bureau of Workers' Compensation. These funds can be spent only on certain purposes specified in the act.

Although S.B. 30 did not require any cost-benefit analysis of new laws, the survey did attempt to ask questions concerning school districts' policies before H.B. 412 and their reactions to the policies required under the law (see survey questions 5 through 30). For each provision, questions were asked about the districts' policies before enactment of H.B. 412 and their reactions to the provision. For the capital and maintenance as well as the textbooks and materials set-asides, questions were asked pertaining to how quality in these areas has changed since enactment of H.B. 412.

The cost estimates were made using data obtained from the Department of Education. The Department was able to provide data on expenditures and revenue for fiscal years 1996 through 1998. Using these data it was determined how much, if anything, each school district

would have had to spend or set aside to meet the 3 percent requirements on average over the three years. This amount for districts not meeting the requirement was then inflated to fiscal year 2000 levels and summed over all the districts not meeting the requirement to obtain the statewide cost estimate for each set-aside. The annual inflation rate used in this estimation is 2.8 percent. The same procedure was followed using the modifications introduced by S.B. 345.

## CAPITAL AND MAINTENANCE FUND

Thirty-three (39 percent) of the respondents indicated that they had a fiscal policy concerning capital and maintenance issues prior to the passage of H.B. 412. Eighteen of those respondents had policies that centered on a permanent improvement levy. Eight had long-range improvement plans in place. Seven planned for capital and maintenance in their annual budgets. At the time the questionnaires were completed, the districts had had only one year under the 3 percent requirement. After such a short time, one might not expect much change, but the questionnaire did ask questions related to changes in the speed or quality of capital repairs in fiscal year 2000 versus the time prior to the enactment of H.B. 412. Only a few respondents indicated any changes in either of these areas. Three respondents (3 percent) indicated a decrease in speed, 16 (19 percent) indicated an increase in speed, and the remaining 66 (78 percent) indicated the same speed. The corresponding numbers for quality are three (3 percent) decrease, nine (11 percent) increase, and 73 (86 percent) same.

Thirty-six respondents (43 percent) reported that they consider the creation of a capital and maintenance fund as “having advantages and disadvantages.” Seventeen (20 percent) reported the fund was “a good financial management practice” and 30 (36 percent) reported it was “problematic.” Two respondents did not answer the question. Seventy-four respondents offered reasons for their opinions regarding the fund. The positive comments all have to do with the fund forcing planning so that money is available for capital and maintenance needs. The most common negative opinion is that the law was an unnecessary waste of time and effort (46 percent). The second-most-common negative opinion is that the set-aside amount is not always needed and could be better used in other areas (30 percent). These comments are followed in importance by there not being enough money to set aside (22 percent), and the funds making it harder to pass levies (3 percent). Representative comments are given below:

Positive:

*“Force the board to set aside funding for repairs.”*

*“Most districts do not plan ahead. It sets aside money not given away through negotiation.”*

*“It is a useful tool in evaluating and appropriating the necessary funds to be used for these specific purposes.”*



Negative:

Unnecessary waste of time and effort:

*“Problematic because of the additional requirement and vague lists as to what actually qualifies as legitimate expenditures.”*

*“This is just an additional accounting exercise that serves no purpose. Long term permanent funding for maintenance is needed.”*

Set-aside amount not always needed:

*“From year to year our needs vary. To tie up that much yearly is unnecessary.”*

*“Our district had expended greater amounts in previous years as needed. Now, we find ourselves separating needs by fiscal years and mandate requirements.”*

Not enough money:

*“...in times of financial crisis we are forced to spend money on maintenance that could be used for operations.”*

*“If a district can afford to allocate the set-aside, it is a good practice; if district cannot it has no advantages. You must operate before you set aside.”*

Harder to pass levies:

*“It is good to set funds in reserve but seems silly to go on ballot when general fund actually has moneys.”*

The Department of Education has collected actual expenditure and revenue data for all 611 school districts for fiscal years 1996 through 1998. Table B shows the distribution of districts' average spending over the years 1996 through 1998 on capital and maintenance as a percentage of qualifying revenue for those years. The average over all the school districts is 3.28 percent. Three hundred fifty-six districts (58 percent), however, were below 3 percent.

Table B DISTRIBUTION OF DISTRICTS' THREE-YEAR AVERAGE SPENDING ON CAPITAL AND MAINTENANCE PRIOR TO H.B. 412					
	Under 1%	1% to 2%	2% to 3%	3% to 4%	Over 4%
Number of Districts	148	98	110	91	164
Percentage of Districts	24%	16%	18%	15%	27%

Those 356 districts would have had to increase the amount set aside for capital and maintenance in fiscal years 1996 through 1998 by an annual average of \$76,096,146 if H.B. 412 had been in effect. Inflating this amount to fiscal year 2000 levels with an annual inflation rate of 2.8 percent

results in a fiscal year 2000 cost of \$80,417,189. Under the modifications introduced by S.B. 345, the number of districts needing to increase this set-aside decreases to 275 and the estimated cost decreases to \$44,036,728.

The state does not provide specifically for capital and maintenance. S.B. 345 states that the set-asides, as modified by the bill, are not unfunded mandates. This determination was based on the fact that the 103 model districts, which served as the basis for the base cost formula amount at the time the bill was enacted, met the 3 percent requirement on average. S.B. 345 essentially requires that part of the general funding provided through the base cost funding formula be spent on the capital and maintenance area.

## TEXTBOOKS AND MATERIALS FUND

Seventy-two respondents (85 percent) indicated that they had a textbook replacement cycle. These respondents had an average replacement cycle of about 5½ years. At the close of the first year under the 3 percent requirement, only a few respondents indicated any change in the quality of either textbooks or materials. Sixty-five (78 percent) reported no change in the quality of textbooks and 69 (81 percent) reported no change in the quality of materials. Nineteen (22 percent) reported an increase in the quality of textbooks, and 15 (18 percent) reported an increase in the quality of materials. One respondent reported a decrease in quality of both textbooks and materials.

Forty (47 percent) of the respondents reported that they consider the creation of a textbooks and materials fund as “having advantages and disadvantages.” Fifteen (18 percent) reported the fund was a “good financial management practice” and 30 (35 percent) reported it was “problematic.” Seventy-seven respondents offered reasons for their opinions regarding the fund. Sixty-two percent of the positive comments have to do with the fund increasing the district’s ability to purchase textbooks and materials. Thirty-eight percent have to do with the fund assisting districts in their planning. The most common negative opinion is that the amount of the set-aside is arbitrary and districts may have a better use for the money (51 percent). This comment is followed in importance by there not being enough money to set aside (25 percent), and it is unnecessary (24 percent). Regarding the size of the set-aside, 51 percent of the respondents stated 3 percent was “just right,” 32 percent stated it was “too much, this fund will run a surplus,” and 17 percent stated it was “too little, we will usually spend more.” Representative comments are given below:

Positive:

Increasing ability to purchase textbooks and materials:

*“Able to afford up to date material.”*

*“The quality of instruction is impacted by the adequacy of materials, texts and resources. This fund assures that a percentage of the budget will be available to provide current resources for teachers and students.”*

Assisting planning:

*“It allows for planning of purchases and sets the money aside out of union negotiations.”*

Negative:

Set-aside is arbitrary; may have better use for money:

*“Don’t tie our hands on our budget. We know what is best for our district.”*

*“Lose flexibility to utilize dollars in other areas if necessary.”*

Not enough money:

*“We did get money for textbooks from the state-now we do not get any money. We now have to use operating money for this.”*

*“Money not available to retain teachers.”*

Unnecessary:

*“Unnecessary bookkeeping.”*

*“...all these mandates have done is complicate the financial operation of the district.”*

As with the capital and maintenance fund the Department of Education collected data from 1996 through 1998 related to the textbook and materials fund. Table C shows the distribution of districts’ average spending on textbooks and materials over the years 1996 through 1998 as a percentage of qualifying revenues for those years. The average over all the school districts is 3.01 percent. Three hundred thirty-nine districts (56 percent), however, were below 3 percent.

Table C DISTRIBUTION OF DISTRICTS’ THREE-YEAR AVERAGE SPENDING ON TEXTBOOKS AND MATERIALS PRIOR TO H.B. 412					
	Under 1%	1% to 2%	2% to 3%	3% to 4%	Over 4%
Number of Districts	6	124	209	166	106
Percentage of Districts	1%	20%	34%	27%	17%

Those 339 districts would have had to increase the amount set aside for textbooks and materials in fiscal years 1996 through 1998 by an annual average of \$44,975,905 if H.B. 412 had been in effect. Inflating this amount to fiscal year 2000 levels with an annual inflation rate of 2.8 percent results in a fiscal year 2000 cost of \$47,529,817. Under the modifications introduced by S.B. 345, the number of districts needing to increase this set-aside decreases to 189, and the estimated cost decreases to \$12,171,744.

The state does not provide specific funding for textbooks and materials. As in the capital and maintenance area, funds for textbooks and materials are provided through base cost funding. S.B. 345 says that the set-asides for textbooks and materials, as modified by the bill, are not unfunded mandates. Again, this determination was based on the 103 model districts meeting the 3 percent requirement on average. S.B. 345 makes it explicit that at least a certain portion of basic funding should be used for textbooks and materials.

## BUDGET RESERVE FUND

Given the elimination of the budget reserve fund in S.B. 345, no attempt was made to estimate the cost of this provision. Seventy-six (89 percent) of the respondents claim to have had no policy concerning budget reserves before enactment of H.B. 412. Nine respondents (11 percent) did have a policy. Three of these respondents kept two to three payrolls in reserve. Two respondents kept one to two months of operating expenses in reserve. One tried to carry over enough funds to operate before the first property tax collection. Finally, one district built a contingency fund into its annual appropriations. The remaining two did not describe their districts' policies. The respondents were asked to estimate on average what kind of cash carryover their districts had each year from fiscal year 1996 to fiscal year 1998. Twenty respondents didn't answer. Of the remaining 65, nine kept no carryover, six kept less than a 30-day reserve, 21 kept a 30-day reserve, 16 kept a 60-day reserve, and 13 kept a 90-day reserve.

The budget reserve fund was relatively unpopular among survey respondents. Forty-one (48 percent) stated the policy was "problematic," 32 (38 percent) stated it had "its advantages and disadvantages," and only eleven (13 percent) stated it was "a good financial management practice." Seventy respondents wrote comments. Respondents wrote positive comments referring to the need to have a reserve for emergencies. Three types of negative comments each made up 28 percent of the negative comments offered. These three types are related to the difficulty of passing levies when there are reserve funds available, the claim that money is better used elsewhere, and finally the difficulty of accessing the funds, including the necessity of getting state approval. Finally, about 10 percent of the negative comments claim there is not enough money to keep the required reserves, and 6 percent claim the mandate is unnecessary. Representative comments are given below:

Positive:

*"Permits time to address upcoming financial crisis and take corrective course of action."*

Negative:

Difficulty in passing levies with reserve funds:

*"Public doesn't understand why more money is needed if there is money in reserve."*

*"How do you explain to unions and community that a levy is needed even though we show a reserve?"*

Money is better used elsewhere:

*“It keeps us from using money on education.”*

*“We must set aside an amount of revenue that cannot be used to benefit kids or programs without special approval.”*

Difficulty accessing funds:

*“Can’t access without state approval-cumbersome.”*

Not enough money:

*“State doesn’t adequately fund the operation of its public schools now-let alone having funds to set aside for a reserve fund.”*

Unnecessary:

*“...don’t need legislature to impose a budget reserve.”*

## **FIVE-YEAR BUDGET PROJECTION**

The survey did not attempt to estimate the cost of preparing the five-year budget projections required in H.B. 412. Questions were asked, however, regarding each district’s practice of making budget projections before H.B. 412, and the respondents’, reactions to the budget projection requirement. Sixty-seven (79 percent) of the respondents’ districts did make budget projections before H.B. 412. Of these, 30 (45 percent) made projections for two to three years, four (6 percent) for four years, and 33 (49 percent) for five or more years. When asked about their reactions to the requirement of a five-year budget projection, 46 (54 percent) checked “It is a good financial management practice,” 22 (26 percent) checked “It has its advantages and disadvantages,” 16 (19 percent) checked “It is problematic,” and one respondent did not answer. Seventy-three respondents included comments on this requirement. The positive comments mainly focused on the five-year projections being a good planning tool. The negative comments center around problems making accurate estimates that far in advance, particularly because state funding is uncertain. Representative comments are given below:

Positive:

*“The five year forecast gives the district the opportunity to see its overall financial situation during the previous years as well as its succeeding years.”*

*“It provides a method to determine if there is a financial problem.”*

*“It helps to explain the trends and fiscal concerns to the board of education and to the public.”*

Negative:

*“Projections beyond three years are so inaccurate as to be useless. State budgets are not even voted on.”*

*“The funding received from the state has been historically fluctuating. Now with the DeRolph case, it remains uncertain.”*

*“Budget commissions do not have tax valuation data for years being forecasted.”*

## MANDATES OF S.B. 55

### STATE GRADUATION REQUIREMENTS

Each public school district in Ohio establishes graduation requirements subject to minimum state requirements specified in the Ohio Revised Code. Senate Bill 55 of the 122<sup>nd</sup> General Assembly (S.B. 55) changed the state requirements. Given our definition of "cost" explained in the preface, this change represents a cost to local districts contingent on three major factors:

- The extent to which each district must modify its own requirements. Some districts, for example, may already be in compliance with the new law.
- The extent to which districts are able to fill up existing classes. Districts may already be offering the courses necessary for students to meet the requirements.
- The extent to which Ohio students are already voluntarily meeting the new requirements. Even if a district had required less than the new minimum of units, if some students were actually taking the newly required number of units, no extra cost need be incurred for those students.

This section describes the recent changes made in the state minimum graduation requirements by S.B. 55 and House Bill 94 of the 124<sup>th</sup> General Assembly (H.B. 94). It discusses the three factors affecting the cost to local districts and presents the cost estimates of the survey respondents.

S.B. 55 changed the state graduation requirements for public high school students graduating after September 2001. It increased the total units necessary for graduation from 18 to 21 and increased core subject area requirements. H.B. 94 modified these requirements by reducing from 21 to 20 the total units of credit needed for graduation. Since H.B. 94 was enacted in June 2001, prior to the graduation of the class of 2002, no graduates actually had to complete the 21 units of credit required by S.B. 55. Table D summarizes the minimum units of credit necessary for graduation from a public high school in Ohio before and after enactment of S.B. 55 and H.B. 94. The requirements in place before enactment of S.B. 55 apply to all graduates through the class of 2001. The current requirements first apply to the class of 2002 (students entering the ninth grade in the 1998-1999 school year). The science requirement is being phased in so that the classes of 2002 and 2003 are required to earn only two units of science credit. The class of 2004 and thereafter will need to earn the full three units of science credit to graduate. The Ohio Administrative Code (3301-35-03) before February 2001 required that each pupil complete three units in one subject in addition to English language arts. This in effect means that many students were meeting at least one of the current mathematics, science, or social studies requirements before enactment of S.B. 55.

TABLE D STATE GRADUATION REQUIREMENTS BEFORE AND AFTER S.B. 55 AND H.B. 94			
	Prior to S.B. 55	S.B. 55	Current
<b>Total units of credit</b>	<b>18</b>	<b>21</b>	<b>20</b>
<b>Mandatory</b>			
English language arts	3	4	4
Health	½	½	½
Mathematics	2	3	3
Physical Education	½	½	½
Science	1	3 (1 unit of biological science and 1 unit of physical science)	3 (1 unit of biological science and 1 unit of physical science)
Social Studies	2 (½ unit of American history and ½ unit of American government)	3 (½ unit of American history and ½ unit of American government)	3 (½ unit of American history and ½ unit of American government)
Elective	9 (Each pupil must complete three units in another subject in addition to the English requirement)	7 (1 unit from among business/technology, fine arts, and foreign language)	6 (1 unit from among business/technology, fine arts, and foreign language)

Note: One unit means a minimum of 120 hours of instruction, except for a laboratory course, for which one unit means a minimum of 150 hours of instruction. In physical education, 120 hours counts as ½ of a unit.

\* Phased in, so that 2 units of credit are necessary from September 15, 2001, until September 15, 2003, and 3 units thereafter.

The first factor affecting the cost of this mandate to school districts is the extent to which each district must modify its own requirements. The state requirements provide a minimum standard all Ohio public school districts must follow. Local boards of education, therefore, have the authority to establish higher standards than those established by the state. In order to measure how close school districts already were to meeting the new requirements, the survey respondents were asked to indicate their districts' requirements *before* enactment of S.B. 55. Table E summarizes these results. All 85 respondents replied to the question concerning total units of credit required for graduation, but only 81 of the respondents indicated their subject requirements. Percentages for the first two columns are, therefore, out of 85, but for the last five columns the percentages are out of 81.

- The three-unit science requirement for those graduating after September 15, 2003 (the class of 2004) is the most onerous. Only 14 percent of the 81 respondents answering were already requiring three units of science.
- The math requirement also affects most school districts. Only 30 percent of the 81 respondents answering were already requiring 3 units of math.
- A majority of the 81 respondents answering were already meeting the English language arts and social studies requirements, 69 percent and 63 percent, respectively.
- H.B. 94 changed the total credit requirement to 20 units. Sixty-four percent of the 85 respondents answering were already requiring 20 units, whereas only 31 percent were requiring 21.



TABLE E PERCENTAGES OF RESPONDENT DISTRICTS MEETING GRADUATION REQUIREMENTS PRIOR TO S.B. 55						
20 or more units	21 or more units	4 English units	3 math units	2 science units	3 science units	3 social studies units
64%	31%	69%	30%	74%	14%	63%

Note: Columns one and two are out of 85 respondents. Columns three through seven are out of 81 respondents.

The second factor affecting the cost of this mandate to school districts is the extent to which districts are able to fill up existing classes. In addition to graduation requirements, the Ohio Administrative Code (3301-35-03) before February 2001 specified minimum class offerings. A minimum of 45 units was required to be scheduled and operated in separate classes each year. Table F summarizes the minimum course offerings for Ohio public high schools. As can be seen from the table, Ohio public high schools were required to offer much more than just the minimum graduation requirements. In addition, presumably many districts offer even more than the state minimums. In responding to the new requirements, therefore, many schools may be able to fill existing classes or classrooms, thereby lessening the need to add new classes or classrooms. This is especially important in regard to the science requirements. The Department of Education estimates that the average cost of a biological laboratory is \$140,000. This could represent a substantial cost to school districts if they need to add laboratory facilities in order to meet the new requirements. As shown later in this report, only 12 percent of the survey respondents reported costs related to new facilities. This low number of respondents may be because districts already have facilities to support these previously existing courses offering requirements, in particular the previous requirement for four science units including two laboratory units. It is also possible that respondents failed to include the facility costs that they did incur because they were unable to estimate the cost or because they included the cost in another area of the survey.

TABLE F MINIMUM COURSE OFFERING REQUIREMENTS BEFORE S.B. 55 AND H.B. 94	
Subject Area	Minimum number of units offered
Business or vocational business	2 (at least ½ typewriting or keyboarding)
Economics	½
English language arts	4½
Fine arts	4 (at least 1 art and 1 music)
Foreign language	3 (or 2 units each of two different languages)
Health	½
Home economics or vocational home economics	2
Industrial arts	2
Mathematics	4
Physical Education	½
Reading	½
Science	4 (at least 2 laboratory classes)
Social Studies	2½ (at least ½ American history and ½ American government)
Unspecified	15
<b>Total units offered</b>	<b>45</b>

The third factor affecting the cost of this mandate to school districts is the extent to which Ohio students are already meeting the new requirements. Many high school graduates exceed the minimum requirements of their districts, and may in fact already be meeting the new state requirements. It should not cost the school district any more to educate these students. The survey respondents were asked what percentage of their districts' graduating seniors had 20 or more units of credit prior to enactment of S.B. 55. Seventy-six of the 85 respondents answered this question. The average percentage for these 76 respondents is 85 percent. The averages range from a low of 73 percent for rural poor and major urban districts, to a high of 93 percent for wealthy suburban districts. Students completing the college preparatory curriculum were most likely meeting all of the new requirements before enactment of S.B. 55. Many students enrolled in a vocational education program or in the general track, however, will likely need to take more courses in the core subject areas than before S.B. 55. Some may be able to shift units taken from elective to core subjects; others may also have to increase the number of units taken overall.

The 49 joint vocational school districts were not surveyed for this report. These schools may have to offer more core subject courses to their students, resulting in increased costs. A spokesperson for the Department of Education said that the effect of S.B. 55 on joint vocational school districts is mixed. There was already a general trend among many joint vocational school districts to offer more academic subjects as many vocational students continue on to college. Other districts were still operating under the old model of emphasizing vocational classes at the expense of academic classes. The spokesperson gave two examples of actions taken by joint vocational districts in order to meet the higher core subject requirements. First, some districts have increased their course offerings through distance learning technology. Second, some districts have increased the requirements of students before they enter the vocational program. For example, if a joint vocational school district requires that students already have two social studies credits before entering the vocational program, the students need only one further credit while at the vocational school. An amendment to S.B. 55 allowed some vocational classes to count toward the core subject requirements. According to the Department spokesperson, most vocational classes do not qualify as a core subject so this change was not as helpful to the vocational districts as they had anticipated. However, as vocational courses continue to evolve, this provision may become more useful in the future.

LSC staff met with selected school superintendents to determine how districts were responding to S.B. 55 and in what areas they were experiencing increased costs. Based on these preliminary discussions, the survey respondents were asked to estimate additional costs they may incur as a result of the change in graduation requirements in the following areas: teachers, new facilities, addition of new staff members, higher teaching loads, and "other." Costs associated with adding new teachers and new staff are likely to be ongoing costs. Costs associated with higher teaching loads are more likely to be temporary until the district can hire new teachers and adjust its teaching schedules. Costs associated with new facilities are one-time costs related to converting a regular classroom into a science lab, or adding additional classrooms. The respondents were asked to estimate these costs for fiscal year 2000 and also for the next three to four years.

Of the respondents that reported costs, most reported costs in the areas of teachers and staff members. The cost estimates for teachers and staff are likely the most reliable of all the estimates for graduation requirements. This is because school administrators are more likely to know salary information for teachers and good approximations of the number of teachers needed to meet the requirements. However, future cost estimation is still difficult, especially since revisions in course loads due to different student selections will not be played out for a few years. The full effects of the three-unit science requirement will not be known until fiscal year 2004. Table G summarizes the cost data for teachers and staff.

- Only 33 percent of the respondents reported costs associated with teachers in fiscal year 2000 and just slightly more, 36 percent, in the next three to four years. Likewise, 29 percent of respondents reported costs associated with staff members in fiscal year 2000 and 28 percent in the next three to four years.
- Some of the respondents may have reported the costs of hiring new teachers in the staff area. Seventy-six percent of the respondents reporting fiscal year 2000 costs in the staff area do not report costs in the teachers area. This could account for the relatively high costs in the staff area since it is unclear why school districts would have to hire many additional nonteaching staff in response to the change in graduation requirements.
- There also may be double reporting of costs in both the teacher and staff areas as the survey was not clear on the distinction between these two areas.
- There is a wide range in average estimated per pupil costs across district types. Per pupil costs range from \$4.34 to \$26.31 for teachers in fiscal year 2000, from \$7.47 to \$43.67 for teachers in future years, from \$0.18 to \$25.85 for staff members in fiscal year 2000, and from \$0.54 to \$25.90 for staff members in future years.
- The costs in future years are somewhat higher, perhaps because districts can put off hiring teachers to meet the more stringent science requirement that is not in effect until after September 15, 2003. Fifty percent of the respondents reporting costs in the teachers area report higher future costs than fiscal year 2000 costs; only 24 percent report lower future costs including 18 percent reporting fiscal year 2000 costs, but no future costs.
- The costs reported for future years are likely to continue unless the districts can downsize teachers in other subjects or shift teachers from one subject to another. Thirty-three percent of the respondents reporting costs in the teachers area reported that they would be able to downsize teachers in other subjects. These cost savings are likely to be underreported because course shifts are not yet fully realized and the ability of the district to downsize teachers in certain areas may increase with time.

TABLE G COSTS OF GRADUATION REQUIREMENTS IN THE AREAS OF TEACHERS AND STAFF MEMBERS				
	Teachers		Staff Members	
	FY 2000	Future Years	FY 2000	Future Years
Number of respondents reporting costs	28	30	25	24
Cost per average pupil	\$15.82	\$16.14	\$9.24	\$12.03
Margin of Error*	+/- \$3.98	+/- \$4.57	+/- \$2.72	+/- \$4.21
Total statewide cost	\$26,990,112	\$27,547,207	\$15,757,692	\$20,520,537
Margin of Error*	+/- \$6,796,347	+/- \$7,794,633	+/- \$4,637,884	+/- \$7,183,767

\*Margins of error are reported at the 90% confidence level. They represent only sampling error, not nonresponse error or any errors in respondent estimates.

The next-most-common area of costs cited by survey respondents is new facilities. Table H presents the costs reported in this area. Since it is assumed that facilities costs are one-time, not ongoing costs, the costs estimated for fiscal year 2000 are combined with the costs estimated for future years. The estimated costs for just fiscal year 2000 are \$20,900,273, about 70 percent of the total new facilities cost estimate shown in Table H.

- Only ten of the respondents estimated any costs in new facilities.
- The average cost per pupil is higher for the wealthier districts. This may be because the wealthier districts have the funds to substantially update their facilities; less wealthy districts may be more likely to make do with the facilities they have. For example, one superintendent said that his district needed to add a science lab in order to meet the new science requirement. The district will build a new school in the next few years, so instead of constructing a new science lab in the old building it has put some old tables into a classroom as a temporary measure.
- Although this is not typical, a few districts may be experiencing significantly higher costs than average. One respondent estimated a new facilities cost equal to approximately \$721 per pupil. This district is experiencing student growth and is therefore building new facilities that must be somewhat modified to comply with the new requirements. This instance shows the effect one response can have on the statewide estimate. If this response were not included in the statewide cost estimate, the statewide estimate would decrease from \$30.0 million to \$7.0 million.

TABLE H COSTS OF GRADUATION REQUIREMENTS IN THE AREA OF NEW FACILITIES	
New Facilities - All Years	
Number of respondents reporting costs	10
Cost per average pupil	\$17.62
Margin of Error*	+/- \$5.71
Total statewide cost	\$30,064,274**
Margin of Error*	+/- \$9,743,149

\* Margins of error are reported at the 90% confidence level. They represent only sampling error, not nonresponse error or any errors in respondent estimates.

\*\* Removing one outlier (\$721 per pupil) would decrease this estimate to \$7.0 million.

Table I presents the cost estimates for the last two areas, higher teaching loads and “other.” Most of the responses in the “other” area were identified as curriculum and materials costs. These costs may be incurred immediately or in the future as certain provisions are phased in over time. They are likely to be one-time or temporary costs incurred by just a few districts statewide. Very few respondents reported costs in the areas of higher teaching loads (six each for fiscal year 2000 and future years) and “other” (eight for fiscal year 2000 and six for future years).

<b>TABLE I COSTS OF GRADUATION REQUIREMENTS IN THE AREAS OF HIGHER TEACHING LOADS AND OTHER</b>				
	<b>Higher Teaching Loads</b>		<b>Other</b>	
	<b>FY 2000</b>	<b>Future Years</b>	<b>FY 2000</b>	<b>Future Years</b>
Number of respondents reporting costs	6	6	8	6
Cost per average pupil	\$2.46	\$1.00	\$0.90	\$2.53
Margin of Error*	+/- \$0.85	+/- \$1.39	+/- \$0.84	+/- \$1.45
Total statewide cost	\$4,200,096	\$1,708,763	\$1,581,787	\$4,311,483
Margin of Error*	+/- \$1,457,661	+/- \$2,375,133	+/- \$1,436,072	+/- \$2,467,935

\*Margins of error are reported at the 90% confidence level. They represent only sampling error, not nonresponse error or any errors in respondent estimates. The total of all these costs, including one-time and annual costs, estimated to be incurred in FY 2000 is \$69,429,960.

Some funding for the increase in the state minimum graduation requirements established by S.B. 55 and H.B. 94 was included in H.B. 94. H.B. 94 increased the “base cost” used in the base cost formula by \$12 per pupil starting in fiscal year 2002. Base cost funding in Ohio is currently based on the average common costs for a group of model districts. These model districts were requiring 19.8 units of credit for graduation in fiscal year 1999, the year for which the base cost was measured. The \$12 per pupil is based on the model districts’ average per pupil classroom-based costs for an additional 0.2 units of credit.

## **FOURTH GRADE READING GUARANTEE**

Senate Bill 55 of the 122<sup>nd</sup> General Assembly prohibits school districts from promoting to fifth grade after July 1, 2001, any fourth grader who fails the state fourth grade reading proficiency test, unless the student is a handicapped child excused from the test or the student’s principal and reading teacher agree the student is academically prepared to be promoted. This provision is commonly referred to as the “4<sup>th</sup> grade reading guarantee.” In a related provision, the bill requires school districts to offer intervention services to first, second, and third grade students identified as reading below grade level, including intense summer remediation after third grade. School districts in the survey were asked to estimate costs in fiscal year 2000 associated with summer and nonsummer remediation for the 4<sup>th</sup> grade guarantee (see survey questions 38 through 40). Senate Bill 1 of the 124<sup>th</sup> General Assembly makes a number of changes to this provision that will gradually be phased in as the Department of Education develops new standards and tests. The reading guarantee will change to a “3<sup>rd</sup> grade guarantee” and it will be based on a third grade reading achievement test scheduled to be administered beginning in fiscal year 2004. The achievement tests will have four ranges of scores: advanced, proficient, basic, and below basic. School districts will be prohibited from promoting to the fourth grade any third grader who fails to obtain a *basic* score on the third grade reading achievement test unless the student is a handicapped child excused from the test or the student’s

principal and reading teacher agree the student is academically prepared to be promoted, *or* the student is promoted but receives intense intervention in the fourth grade. The “basic” score should be more easily attainable than the “proficient” score since the “proficient” score was designed to indicate the need for intervention whereas the “basic” score will be designed to indicate the need for retention. This may result, therefore, in fewer students being retained for the reading guarantee, although this will also depend on other factors, such as the content of the new tests and the effect of the grade level change.

Based on preliminary interviews with 15 school districts, it was determined that costs for remediation occur primarily in the areas of professional development, teachers, transportation/buses, study guides/materials, tutors, and staff. Professional development costs presumably include training on current best practices in reading instruction particularly as it relates to remediation. Additional teachers may need to be hired to provide more individualized reading instruction as well as to teach summer remediation courses, or existing teachers may get supplemental contracts. To the extent the school district provides transportation to and from school to students attending after-school, before-school, or summer remediation, additional buses may need to be purchased and additional costs to operate buses may be incurred. Aligning the curriculum with the proficiency test as well as purchasing materials for remediation courses are costs incurred in the study guides/materials area. Some school districts hire tutors to help students. Also, additional nonteaching staff may need to be hired to administer the new remediation programs.

## **SUMMER REMEDIATION**

All but two of the 85 respondents indicated their districts are doing some form of summer remediation related to the fourth grade guarantee. The most common area of cost for summer remediation is teachers, with 71 percent of the respondents reporting costs. Following this is study guides and materials with 55 percent. Professional development and transportation have practically the same incidence with 36 percent and 35 percent respectively. Table J, below, presents the cost estimates for these four areas. The average cost per pupil for teachers and professional development is significantly higher for major urban districts than for the other types. The average cost per pupil for teachers is estimated as \$61.24 for these districts and \$15.24 for professional development, compared with an overall estimate of \$15.80 and \$3.72 respectively. This is somewhat to be expected as these districts tend to have lower percentages of students passing the fourth grade reading proficiency test and therefore must provide more remediation. They also experience higher salary costs. Given the extent of the difference, it is also possible the data are in error. These major urban districts, of which there are 14 in the state, represent over \$20 million of the estimated \$27 million statewide cost in the teachers area and over \$5 million of the estimated \$6 million statewide cost in the professional development area. These districts also receive the most Disadvantaged Pupil Impact Aid (DPIA) and grant money specified for summer remediation.

	Teachers	Study Guides and Materials	Professional Development	Transportation
Number of respondents reporting costs	60	47	31	30
Cost per average pupil	\$15.92	\$1.38	\$3.84	\$0.69
Margin of Error*	+/- \$2.51	+/- \$0.39	+/- \$0.77	+/- \$0.23
Total statewide cost	\$27,164,341	\$2,349,277	\$6,546,251	\$1,181,765
Margin of Error*	+/- \$4,282,211	+/- \$670,194	+/- \$1,312,123	+/- \$398,136

\* Margins of error are reported at the 90% confidence level. They represent only sampling error, not nonresponse error or any errors in respondent estimates.

The other three areas had few respondents claiming costs. Staff had 24 percent, tutors 9 percent, and “other” 12 percent. The “other” category includes mainly administrative as well as equipment and utility costs. Table K presents the cost estimates for these three areas.

	Tutors	Staff	Other
Number of respondents reporting costs	8	21	10
Cost per average pupil	\$0.19	\$0.43	\$0.40
Margin of Error*	+/- \$0.14	+/- \$0.17	+/- \$0.22
Total statewide cost	\$327,306	\$739,091	\$684,350
Margin of Error*	+/- \$241,676	+/- \$287,712	+/- \$377,162

\* Margins of error are reported at the 90% confidence level. They represent only sampling error, not nonresponse error or any errors in respondent estimates.

The survey respondents were also asked to estimate the amount of DPIA funds as well as other state and federal grants their districts were using to fund the districts’ summer remediation programs. All the poorest districts, major urban and rural poor, that reported costs, also report receiving DPIA and grant moneys. Of the 33 respondents reporting DPIA/grants estimates, eight were obviously in error. These eight listed higher DPIA/grants estimates than estimates for total cost of nonsummer remediation. For these districts, the DPIA/grants estimates were restricted to no more than their total cost estimates. Table L presents the estimates for total DPIA and grants specified for summer remediation by the survey respondents and compares them with the cost estimates for summer remediation totaled over all areas. Estimated statewide costs are \$15.1 million higher than estimated DPIA and grants.

TABLE L TOTAL COSTS AND TOTAL DPIA PLUS STATE AND FEDERAL GRANTS FOR SUMMER REMEDIATION		
	Total Costs	Total DPIA plus State and Federal Grants used for summer remediation
Number of respondents reporting costs/revenue	66	33
Cost/Revenue per average pupil	\$22.85	\$14.01
Margin of Error*	+/- \$4.44	+/- \$2.02
Total statewide cost/revenue	\$38,992,382	\$23,906,587
Margin of Error*	+/- \$7,569,213	+/- \$3,443,318

\* Margins of error are reported at the 90% confidence level. They represent only sampling error, not nonresponse error or any errors in respondent estimates.

## NONSUMMER REMEDIATION

The survey respondents were also asked to estimate the costs associated with remediation for the fourth grade guarantee, other than during the summer. Only 54 of the 85 respondents reported costs for nonsummer remediation. These costs are most likely more difficult to estimate than summer remediation costs since the remediation may not be separated from the regular school day. Table M presents the cost estimates for the first four areas. Study guides/materials and professional development are the two areas with the most districts reporting costs. The highest per pupil and total costs, however, are in the area of teachers. As with summer remediation, major urban districts have substantially higher per pupil costs in the areas of teachers and professional development, with costs of \$123.00 and \$25.41 respectively. The reported per pupil cost for teachers for these major urban districts is twice that reported for summer remediation. Since nonsummer remediation often occurs during the regular school day, transportation is not a factor as it was for summer remediation.

TABLE M COSTS OF NONSUMMER REMEDIATION IN THE AREAS OF TEACHERS, STUDY GUIDES AND MATERIALS, PROFESSIONAL DEVELOPMENT, AND TRANSPORTATION				
	Teachers	Study Guides and Materials	Professional Development	Transportation
Number of respondents reporting costs	29	36	35	5
Cost per average pupil	\$29.04	\$1.72	\$6.26	\$0.04
Margin of Error*	+/- \$5.29	+/- \$1.02	+/- \$1.15	+/- \$0.02
Total statewide cost	\$49,553,828	\$2,929,333	\$10,673,434	\$65,435
Margin of Error*	+/- \$9,032,833	+/- \$1,745,685	+/- \$1,969,956	+/- \$39,864

\* Margins of error are reported at the 90% confidence level. They represent only sampling error, not nonresponse error or any errors in respondent estimates.

Table N presents cost estimates for the remaining areas. Approximately 29 percent of the respondents reported costs for tutors. These costs substantially exceed the costs reported for tutors in summer remediation programs. The “other” category includes a variety of different items in this case. One school district operates a special program including extended days with a cost of approximately \$146 per pupil. This type of cost is an exception, but, it should be noted that a few districts might be incurring large costs such as this in an attempt to improve their fourth graders’ reading scores. This is an example of local implementation decisions affecting the cost. S.B. 55 does not require any particular form of remediation.



	<b>Tutors</b>	<b>Staff</b>	<b>Other</b>
Number of respondents reporting costs	20	7	9
Cost per average pupil	\$3.70	\$0.85	\$12.00
Margin of Error*	+/- \$1.65	+/- \$0.72	+/- \$2.21
Total statewide cost	\$6,319,544	\$1,445,403	\$20,478,521
Margin of Error*	+/- \$2,813,371	+/- \$1,220,086	+/- \$3,774,965

\* Margins of error are reported at the 90% confidence level. They represent only sampling error, not nonresponse error or any errors in respondent estimates.

In this case, respondents were asked to estimate not grants, but only the amount of DPIA funds spent on nonsummer remediation for the fourth grade guarantee. Table O presents these estimates as well as estimates of the total costs in all areas. As expected, major urban and rural poor districts had a substantial number of respondents reporting the use of DPIA funds (80 percent and 33 percent respectively). Of the 14 respondents reporting DPIA estimates, eight were obviously in error. These eight listed higher DPIA estimates than estimates for total cost of nonsummer remediation. For these districts, their DPIA estimates were restricted to no more than their total cost estimates. As stated previously, the quality of the data is highly questionable. This represents an obvious error; other errors no doubt exist, although they may not be as obvious. Five districts reported more DPIA funds used for nonsummer remediation than they received for all of safety and remediation in fiscal year 2000. Three districts listed their total DPIA allotment, including not only safety and remediation, but also all-day kindergarten and reduced class size. Total DPIA for safety, security, and remediation in fiscal year 2000 was \$123.0 million. Nonsummer remediation expenses are in many cases nonseparable from regular instruction. An extensive and in-depth study, therefore, would be needed to adequately attempt an accurate estimate.

	<b>Total Costs</b>	<b>Total DPIA</b>
Number of respondents reporting costs	54	14
Cost per average pupil	\$53.60	\$19.25
Margin of Error*	+/- \$12.07	+/- \$3.24
Total statewide cost	\$91,464,499	\$32,853,224
Margin of Error*	+/- \$20,596,780	+/- \$5,535,730

\* Margins of error are reported at the 90% confidence level. They represent only sampling error, not nonresponse error or any errors in respondent estimates.

The state of Ohio currently funds remediation costs through a variety of methods. It can be argued that part of base cost funding should go to remediation, as remediation is part of a basic education for a significant number of students. In addition to base cost funding, the state provides funds through Student Intervention Services, OhioReads, Reading/Writing Improvement, and DPIA. House Bill 94 of the 124<sup>th</sup> General Assembly (H.B. 94) appropriates \$31.9 million in fiscal year 2002 and \$38.3 million in fiscal year 2003 to Student Intervention Services. These funds are intended to be used to provide extended learning opportunities for young children most at risk of not passing the 4<sup>th</sup> grade reading proficiency test. The OhioReads initiative provides grants to elementary schools and community organizations to support reading

programs for kindergarten through fourth grade students. The funds are used for teacher professional development, supplies and materials, volunteer training, and technology. H.B. 94 appropriates \$32.6 million for OhioReads in each fiscal year. H.B. 94 appropriates \$19.0 million in fiscal year 2002 and \$19.2 million in fiscal year 2003 for Reading/Writing Improvement. These funds are used for summer institutes for reading intervention and other literacy improvement projects. Finally, DPIA is based on an index equal to the number of students in the district whose families participate in Ohio Works First (OWF) divided by the total statewide number of students whose families participate in OWF. There are three components of DPIA: class-size reduction, all-day kindergarten, and safety and remediation. Although the funds for class-size reduction and all-day kindergarten are not specifically for “remediation,” they presumably reduce the amount of additional remediation needed by giving students more individual contact time with teachers. All districts with an index greater than or equal to 0.35 are eligible for funding for safety and remediation programs at approximately \$230 per OWF pupil. If a district’s index is greater than one, the district receives \$230 multiplied by the district’s index for each OWF pupil. For example, the district with an index of two will receive \$460 in per pupil funding for safety and remediation.

Among the survey respondents, major urban districts are experiencing the highest remediation costs associated with the fourth grade guarantee and are also receiving the most funds for remediation through both DPIA and other state and federal grants. This indicates that the DPIA program appears to be targeting the districts most in need of remediation. Based on current estimates, the state will provide approximately \$184.2 million through DPIA over the biennium for safety and remediation. Of this amount, 77.5 percent (or \$142.7 million) will go to the Big Eight districts. Cleveland Municipal School District, with the highest index of 4.6, receives funding equal to over \$1,000 per pupil for safety and remediation. Starting in fiscal year 2004 the state will use a new indicator of poverty for the distribution of DPIA based on recommendations of the Legislative Office of Education Oversight. This new indicator will use participation in other state and welfare programs in addition to Ohio Works First. Major urban districts will continue to receive the greatest portion of DPIA, but, according to very tentative estimates, the funds might be somewhat more evenly distributed among the other districts.

## APPENDIX A

A number of questions were asked on the LSC questionnaire that did not directly pertain to the cost of state laws to school districts. Including the data collected from these questions in the main report may be confusing. However, some of this data was included in the draft report. For this reason a discussion of these issues is included in this appendix.

### CURRENT FINANCIAL STATE OF OHIO SCHOOL DISTRICTS

The survey respondents were asked to characterize the current financial state of their school districts as strong, stable, or weak. Eight districts (9 percent) were characterized as financially strong, 57 (67 percent) as stable and 19 (22 percent) as weak. One respondent did not answer the question. In general, individuals are biased against checking extreme values on surveys. This may explain why most respondents characterized their districts as stable. Since only three choices were given, stable was the only non-extreme response. The respondents were also asked to describe why they characterized their districts as they did. Some representative comments are given below. From these comments it is apparent that some respondents view “stable” negatively and some positively.

#### **Strong:**

*“\$8 million operating budget; \$4 million cash reserve”*

*“We passed a 1 percent income tax in 1995. We anticipated that would generate \$525,000 per year. It is generating \$825,000 per year.”*

*“Greater than 20 percent carryover of available cash from FY99 to FY00.”*

*“The district passed its last levy in Nov. 98, has a capital improvement levy. Has maintained a carryover balance of 5-7 million for 5+ years, personnel costs below 80 percent, current textbook adoption on schedule. Facilities appropriately maintained, strong community participation and support, excellent curricular and financial management teams.”*

*“For a small rural district we have a 3 mi. carryover which is great.”*

*“We passed an operating levy in November 1998 and have funds through June 30, 2005.”*

*“Pass levies when needed.”*

#### **Stable:**

*“Healthy balance, frugal spending.”*

*“Recent increases in state funding due to De Rolph—otherwise would be in trouble or seeking additional local levies.”*

*“We have remained stable over the past few years due to the passage of an income tax. If we relied on property tax only, we would definitely be in a weak financial situation.”*

*“Operation without an operating levy since 1979.”*

*“Revenues have slightly exceeded expenditures over the past five years. State support of technology has been an asset.”*

*“Cap on special education funding prohibits generation of funds for all identified students. Yet district fiscal planning and budgeting processes allow us to accurately forecast and operate within our financial means.”*

*“The residents of the district have supported the district with recent passage of a permanent improvement levy and an operating levy.”*

*“We have passed six levies in five years and will be out of the loan fund in 2001.”*

*“Year end carryover less than 10 percent. The residents have been very supportive of the schools. They have passed a local school income tax and are, in effect, compensating for what the state does not provide.”*

*“Strong real property tax base.”*

*“The recent passage of a levy in 1999 along with a reappraisal allowed the district to maintain programs at its current level. Any changes to either our State Guarantee or local tax collection would place us in a weakened position almost immediately.”*

*“We have had consistent growth in total funds due to an increase in grants. We will probably have to ask for an operating levy in 2003. Relative to many districts this is good.”*

*“We will always be forced to be on the ballot every 2-3 years due to fiscal responsibilities to our growing school district. Stable is probably best we will ever be without more predictable funding.”*

*“Right now we have enough dollars. This is going to change with increased cost of insurance and salaries.”*

*“Since the new funding system, our district has gotten less money than before. The funding cap hurts us. Also, we get less money for special education than before. The drop in equity aid had hurt us too.”*

*“Major employer closed and the district will lose approximately \$325,000 per year in personal property tax revenue. Another employer is also closing with an estimated loss of \$30,000 per year.”*

*“We will have some carryover this fiscal year. Open enrollment has provided a lot of dollars for this district.”*

*“The 20 mill floor on property taxes forces us to rely on emergency levies for continued operations. Our tax base is highly residential which forces our residents to pay a high rate of tax while generating a low amount of revenue.”*

**Weak:**

*“Because of our current funding system, levies do not pass, unfunded mandates, and phantom revenue.”*

*“Our total assessed property value is very low and will not generate enough money to adequately finance our district.”*

*“Because of the cyclical nature of the levy cycle and the over reliance on property taxes, we consider the financial status as weak.”*

*“We have experienced unforeseen cost in our building repair program. We have increased enrollment and our outdated facilities cannot meet these needs. We do not have the funds to hire more staff to meet enrollment needs. The set-asides and budget reserves put a severe strain on a fragile budget process.”*

*“Unsure of future funding based on renewal of two levies planned for November 2000.”*

*“District just passed a 8.25 mill levy May 99—projected \$440,000 in the red—had to borrow against tax collection to keep current programs.”*

*“We are an equity district with static enrollment. A high percentage of budget goes to personnel.”*

*“Without additional revenue, the district will be in a deficit position within two years. The district will be placing an operating levy on the November 2000 ballot.”*

*“We have funds that we are using to remain in the black. The district is losing funding in the area of equity and DPIA. The required set-asides are unfunded mandates.”*

*“Projected 2.2-3.3 million dollar deficit. June 2001.”*

*“Have a tax base of \$32 million. One mill generates \$32,000. We are an equity district. We are at the 20 mill floor, rural, agricultural, and heavily retired population. Last levy May 96 bond issue to build new facility, 2 operating levies failed.”*

*“Difficult to pass levies-our district is about 65 percent locally funded.”*

*“Because the new structure does not cover costs adequately.”*

*“Like all districts, our reliance on property taxes which are a stagnant revenue source hinder our financial stability. We project a deficit in FY 2000 and will need voter approval for operational funds.”*

*“Due to declining enrollment and change in special education funding. We have a very unique situation in our district related to special education.”*

It is apparent from these responses that the financial state of public school districts in Ohio varies widely. Most of the respondents mention the ability to raise local funds as a major determinate of their districts financial state, whether good or bad. Fewer mention state funding and fewer still mention management or other issues as the major determinate. As mentioned in the methodology section of this report, there is a possible non-response bias in the survey data that casts doubt on whether or not the survey respondents are representative of the state as a whole.

## **H.B. 650 AND H.B. 770 OF THE 122<sup>ND</sup> GENERAL ASSEMBLY**

## **H.B. 282 OF THE 123<sup>RD</sup> GENERAL ASSEMBLY**

Amended Substitute House Bill 650 of the 122<sup>nd</sup> General Assembly (H.B. 650) and Amended Substitute House Bill 770 of the 122<sup>nd</sup> General Assembly (H.B. 770) as well as Amended Substitute House Bill 282 of the 123<sup>rd</sup> General Assembly (H.B. 282) instituted significant changes to the school funding system. Under the new system, most students are funded through their resident districts, with funding “following the student” to educational service centers, non-resident school districts, or other entities, as appropriate. Also, additional funding for special education and vocational education programs are funded through a pupil weighting system. Finally, the Disadvantaged Pupil Impact Aid (DPIA) program has been restructured to specifically fund all-day kindergarten and K-3 class size reduction, as well as safety and remediation programs. The survey respondents were asked a number of questions regarding how these funding changes have changed the programs in their districts.

The survey respondents were asked if their districts had changed their financial relationship with the educational service center as a result of these enactments. Forty-two (49 percent) respondents checked “yes” and 43 (51 percent) checked “no.” Of those who checked “yes,” 15 (36 percent) indicated that services provided by the educational service center to their districts’ students had “increased overall,” 17 (40 percent) indicated they had “stayed the same,” and ten (24 percent) indicated they had “decreased overall.”

The survey respondents were asked if their districts changed their special education program as a result of the changes in financial flows resulting from H.B. 650, H.B. 770, and/or H.B. 282. Thirty-six respondents (42 percent) checked “yes,” and 49 (58 percent) checked “no.”

Of the 36 who checked “yes,” 22 (61 percent) indicated special education services received by the districts’ students from all sources increased overall, five (14 percent) indicated they stayed the same, and nine (25 percent) indicated they decreased overall. Given a list of possible reasons for these changes, respondents were asked to check as many as appropriate. Of the 31 respondents indicating that special education services have either increased or decreased overall, 27 (87 percent) indicated the changes were due to an increase in the special education population, 30 (97 percent) indicated an increase in services demanded, whereas only 18 (58 percent) indicated financial flow changes.

The same questions were asked concerning changes in districts’ vocational education program. Twenty-two respondents (26 percent) indicated their districts did make changes due to the changes in financial flows resulting from H.B. 650, H.B. 770, and/or H.B. 282, 61 (72 percent) indicated they did not, and three did not answer the question. Of the 22 who checked “yes,” seven (32 percent) indicated vocational education services received by the districts’ students from all sources increased overall, nine (41 percent) indicated they stayed the same, 11 (50 percent) indicated they decreased overall, and one did not answer. Given a list of possible reasons for these changes, respondents were asked to check as many as appropriate. Of the 18 respondents indicating that vocational education services have either increased or decreased overall, four (22 percent) indicated the changes were due to an increase in the vocational education population, five (28 percent) indicated a decrease in the vocational education population, six (33 percent) indicated an increase in services demanded, three (17 percent) indicated a decrease in services demanded, and 12 (67 percent) indicated financial flow changes.

The change in the financial flows might have created some confusion. However, it did not appear to significantly affect services provided by the ESCs. Nor did it significantly affect special and vocational education services in school districts. In fact, the majority of the respondents indicated their special and vocational education services had “stayed the same” or had “increased.” For special education, the main reason for any changes was not the change in financial flows, but changes in population and services demanded. H.B. 94 of the 124<sup>th</sup> General Assembly maintains the current flow of funds structure. It does, however, change the weights applied to special education students. The state has moved from a two-weight system for special education students to a six-weight system. More funding will be available for special education as a result of these changes.

## **DISCRETIONARY RESPONSE TO S.B. 55**

### **Report Cards**

S.B. 55 established performance standards effective in fiscal year 2000. These performance standards are based on dropout rates, student attendance rates, and specific percentages of students who pass proficiency tests. School districts are identified as “effective,” “needing continuous improvement,” “under academic watch,” or “in a state of academic emergency,” according to the percentage of performance standards that have been met. All districts’ ratings are recorded and made public on district “report cards” that are issued annually. The actual printing and distribution of the report cards is fully paid by the state. The report card

provision of S.B. 55 was included in the questionnaire sent to school districts because it was identified as important during initial interviews with selected school superintendents. The report card provision, however, does not mandate any particular actions by school districts beyond reporting the required data and, for districts not deemed “effective,” developing and implementing a three-year continuous improvement plan. These school districts will likely incur costs to develop and implement these plans. The questionnaire, unfortunately, did not specifically ask for estimates of these costs, but instead asked for estimates of the costs of changes “due to the implementation of report cards.”

The costs estimated in this section, therefore, do not represent costs of state mandates. They are included in this report because miscalculated estimates of these costs were included in the draft report. They are not considered reliable as they are subject to the same errors as all the survey data as explained in the introduction to this report. Of more interest, perhaps, than the costs estimates are the respondents’ opinions regarding the report card provisions. Eighty-four respondents checked an opinion. Four (5 percent) characterized the report cards with “It is good public policy,” 50 (60 percent) with “It has its advantages and disadvantages,” and 30 (35 percent) with “It is problematic.” Generally, people are biased against choosing an extreme answer. The respondents, however, only had three choices so it is expected, based only on this bias, that most would choose the middle category. Thirty-five percent choosing the negative extreme may indicate significant concerns related to report cards among a portion of school district administrators. The reasons respondents gave for their opinions varied widely. They are grouped according to common themes below with the number of respondents making the comment in parentheses and a few representative comments listed:

Negative comments:

- Unfair comparisons between disparate school districts (20).

*“Comparisons are not apples to apples between/among districts due to many variables such as socio-economic factors.”*

*“Creates unfair comparisons and does not accurately reflect the districts’ educational and economic social status.”*

*“We should not compare unlike districts.”*

- Misleading and/or inaccurate data (18).

*“Garbage in-garbage out. Financial numbers are BS-everyone juggles.”*

*“Inaccuracies in reported information and reporting of special ed exemptions are some reasons for concern.”*

*“...it is a misleading instrument.”*



- Too much emphasis on proficiency tests (14).

*“Not age appropriate, not valid, not grade level reading, not teacher constructed. Duplication already have tests in place.”*

*“Measuring school districts by using an instrument such as proficiency tests is problematic. Standards in industry for measurement involve the use of many assessments both qualitative and quantitative in nature (Baldrige, ISO).”*

- Should also measure school district progress (3).

*“They do not reflect the total district effort or improvement.”*

- Problems with state funding (2).

*“The legislature doesn’t want to provide the resources to enable school systems to do the job they want to do...”*

Positive comments:

- Good to have a reporting system (11).

*“Better informs the public about its schools.”*

*“Having a reporting system is a good idea.”*

- Good to have accountability (7).

*“Accountability is OK-but intervention should be the major focus...”*

*“Accountability is good...”*

- Focuses school districts on fundamentals (4).

*“There is much more focus on student achievement and evaluation.”*

- State pays for report cards (2).

*“Parents should know how schools are doing in terms of results and the state paid for this mandate.”*

Eighty percent of the 85 survey respondents claimed their districts changed practices as a result of the report cards. As stated previously, these changes are not necessarily state mandated changes, rather they are changes school districts opted to make in response to the information provided on the report cards. Some state mandates are related to report cards such as remediation for the fourth grade guarantee. Costs for this mandate are estimated in another

section of this report. It is possible that some school districts double reported those costs in this section.

The two most commonly reported areas of costs related to report cards are training, with 51 percent of respondents reporting costs, and curriculum, with 46 percent reporting costs. Apparently, these districts are changing their curriculum and training their teachers in the new curriculum in an attempt to help their students and improve their rating on the performance indicators included on the report cards. These changes may be designed to increase student proficiency scores and/or to reduce drop out rates and increase student attendance. Table P summarizes the cost data for these two areas:

	<b>Curriculum</b>	<b>Training</b>
Number of respondents reporting costs	39	43
Cost per average pupil	\$15.04	\$6.88
Margin of Error*	+/- \$4.04	+/- \$1.85
Total statewide cost	\$25,655,146	\$11,741,783
Margin of Error*	+/- \$6,889,770	+/- \$3,163,985

\* Margins of error are reported at the 90% confidence level. They only represent sampling error, not non-response error or any errors in respondent estimates.

Cost increases in the areas of teachers, additional staff and “other” are less frequently reported. There were no common items listed in the “other” category in this case. The items were all miscellaneous, school district specific costs and do not generalize to the state as a whole. The cost data for these three areas are presented in Table Q.

- Only 31 percent and 28 percent, respectively, of respondents reported costs in the areas of teachers and additional staff. The wording of the question of the survey may have caused respondents to report costs of newly hired teachers in the additional staff area instead of the teachers area, or to double report the same costs in both areas.

	<b>Teachers</b>	<b>Additional Staff</b>	<b>Other</b>
Number of respondents reporting costs	26	24	10
Cost per average pupil	\$10.79	\$7.67	\$4.96
Margin of Error*	+/- \$4.95	+/- \$2.91	+/- \$2.79
Total statewide cost	\$18,418,400	\$13,090,301	\$8,467,104
Margin of Error*	+/- \$8,446,480	+/- \$4,972,462	+/- \$4,760,717

\* Margins of error are reported at the 90% confidence level. They only represent sampling error, not non-response error or any errors in respondent estimates.

It is apparent from the survey responses that many school districts have made changes in operations in response to the report card provisions of S.B. 55. These changes are costly; however, no specific changes were mandated and the survey results do not give precise cost estimates of the changes school districts chose to make. S.B. 1 of the 124<sup>th</sup> General Assembly makes changes to the report card provisions of S.B. 55. It requires the Department of Education to establish new performance indicators, adds “excellent” as the highest category of

performance, and requires the State Board of Education to establish a standard unit of improvement for individual school buildings. Also, report cards are to be issued for each school building as well as each district, performance ratings are to be issued annually instead of triennially, and the data on report cards is to be disaggregated according to various categories. It is evident from the survey responses that many school district superintendents have a negative view of the report card provisions. The changes in S.B. 1 may or may not address these concerns.

## **DISCRETIONARY RESPONSE TO S.B. 1**

### **School Safety Plans**

Senate Bill 1 of the 123<sup>rd</sup> General Assembly (S.B. 1) requires each school board to adopt comprehensive school safety plans for each school building. The board must examine the environmental conditions and operations of each building to determine potential hazards to safety and propose operating changes to promote the prevention of potentially dangerous problems and circumstances. The plans must include a protocol for addressing serious threats to the safety of school property, students, or employees and a protocol for responding to any emergency. S.B. 1 was included in the questionnaire because of concerns expressed by school superintendents during initial interviews, although the only mandate in the bill is the development of the plan. The bill does not specify how the district must respond to cases in which it is determined buildings require increased safety measures.

The questionnaire asked respondents to estimate the costs of certain possible options the districts may have chosen to increase the safety at the districts' buildings. In particular, the respondents were asked to estimate costs for camera installation, increased security staff, metal detectors, security doors and emergency measures. There was also an "other" category for districts with costs other than those included in the survey list of options. These costs are not state mandated costs. Instead, they are costs of programs districts implemented as a local option in response to the state mandated safety review. To the extent school boards had not already developed school safety plans, additional staff hours would be needed for their development. This would represent a mandated cost. The questionnaire did not, unfortunately, include costs related to the development of the plan. A few respondents listed these costs in the "other" category. These responses, however, are not a sufficient base upon which to build a statewide estimate.

Eighty-five percent of the respondents' districts have adopted school safety plans. Sixty-five percent of these respondents claimed a cost related to their response to these plans. Many of the costs are one-time costs for equipment. These costs do not represent total spending on safety, which is likely much higher, especially for major urban districts. Prior to S.B. 1, many districts had presumably already implemented safety plans including spending on these options. Camera installation was the most commonly reported cost with 27 percent followed by security doors with 19 percent. Table R presents cost estimates for these two areas.

	Camera Installation	Security Doors
Number of respondents reporting costs	23	16
Cost per average pupil	\$4.49	\$2.54
Margin of Error*	+/- \$1.34	+/- \$1.39
Total statewide cost	\$7,663,599	\$4,337,589
Margin of Error*	+/- \$2,286,575	+/- \$2,369,685

\* Margins of error are reported at the 90% confidence level. They only represent sampling error, not non-response error or any errors in respondent estimates.

Increased security staff and emergency measures were the next most commonly cited costs each with 13 percent. Only 4 percent of the respondents incorporated metal detectors. The other category includes various items including the development of the plan, cell phones, safety manuals, and staff training. Cost estimates for security staff, emergency measures, metal detectors and “other” are presented in Table S.

	Increased Security Staff	Emergency Measures	Metal Detectors	Other
Number of respondents reporting costs	11	11	4	18
Cost per average pupil	\$1.63	\$0.66	\$0.01	\$1.24
Margin of Error*	+/- \$0.55	+/- \$0.22	+/- \$0.01	+/- \$0.37
Total statewide cost	\$2,789,217	\$1,123,749	\$11,100	\$2,111,224
Margin of Error*	+/- \$932,841	+/- \$382,421	+/- \$19,981	+/- \$633,063

\* Margins of error are reported at the 90% confidence level. They only represent sampling error, not non-response error or any errors in respondent estimates.

School safety has long been a concern of Ohio’s public school districts. The state of Ohio has provided funding for safety through Disadvantaged Pupil Impact Aid (DPIA) for many years. Am. Sub. House Bill 650 of the 122<sup>nd</sup> General Assembly (H.B. 650) established safety and remediation as one of the three component formulas for DPIA. These are the same funds mentioned in the section of this report covering the “4<sup>th</sup> grade reading guarantee.” Districts with a DPIA index greater than 0.35 are eligible. This includes about half of the districts in Ohio. In addition, the state distributes a federal grant for Safe and Drug-Free Schools that totals approximately \$15 million to \$20 million each fiscal year.

## **ADDITIONAL SCHOOL DISTRICT CONCERNS**

The final question of the survey asked whether any other legislation over the last four years (1996-1999) resulted in substantial costs or savings to the respondents’ districts. The responses are grouped by specific issue and some representative comments are given for each one. The numbers in parentheses are the number of respondents including each issue in their response. Some of these issues are not state mandates from the years covered by the report. IDEA, for example, is a federal act. They are listed here, however, as an indication of local school district concerns.

**Gifted identification/services (19):**

*“Gifted education will be a huge additional expense for testing, a testing supervisor and materials and scoring.”*

*“H.B. 282 the gifted kid program was not adequately financed.”*

**SchoolNet/technology (6):**

*“SchoolNet-While the state provided money for hardware, wiring, software and in-service, it has not provided money for the cost of additional staff needed to operate and maintain equipment.”*

**Professional Development (4):**

*“Local professional development program – clerical and administrative time. Entry year – clerical and admin time.”*

*“Mentor program costs for new staff members.”*

**State funding cap (3):**

*“Our March 2000 SF-3 indicated we are “capped.” \$815,358.41 or 10.1 percent. This is just one year of the years since 1998 legislation.”*

**IDEA (3):**

*“IDEA reauthorization.”*

**S.B. 30 (2):**

*“This survey took hours to complete, what a waste of time.”*

**EMIS (2):**

*“EMIS increases.”*

**H.B. 920 (2):**

*“H.B. 920 costs schools millions. That is the reason for most \$ problems. Repeal 920 and you won’t have schools going to the ballot every 4 years.”*

**Tax changes (2):**

*“Reduction in assessed rate for personal property tax and eventual elimination altogether. Utility tax changes. Back items resulted in funding losses to the district or a cost to us.”*

**GAAP reports (2):**

*“GAAP presentation costs.”*

**Miscellaneous:**

*“Grant applications have taken extreme amount of staff time. Results in wasted time and expense. Do not fund education by grants.”*

*“Open enrollment causes us to lose funding.”*

*“Preserve equity fund. Legislation requiring 25 percent exempt land before relief is granted is killing us. We are at 24.1 percent.”*

*“OSFC emergency repairs.”*

*“Every piece of legislation has a cost. Countless hours are wasted analyzing and implementing legislative solutions.”*

*“The main problem with funding is that now so many expenditures that at one time bypassed the local are now flowed through the local. This gives the impression of increased revenues even though money is apportioned to maintain past services.”*

*“The new legislation has just been punitive measures passed by the legislature because of the lawsuit. We have realized no significant increase in total dollars.”*

*“There are so many strings tied to money anymore with earmarking for special groups that the average student is being served less and less.”*

*“Doing away with the prevailing wage requirement.”*

## **APPENDIX B**

The following acts have a potential effect on school districts and were reviewed for inclusion in this report. After review and discussions with school district superintendents the decision was made not to pursue extensive analysis of these bills, as their effect on school district expenditures and revenues is minimal.

### **121<sup>ST</sup> GENERAL ASSEMBLY**

Am. H.B. 449 SCHOOL ATTENDANCE: Prohibits school districts from receiving an open enrollment payment for a student counted in the district's ADM.

H.B. 29 Pupil Transportation: Specifically authorizes two school districts to contract to share transportation of a pupil.

Am. Sub. H.B. 72 WEAPONS POSSESSION: Prohibits conveyance, attempted conveyance or possession of a deadly weapon or dangerous ordnance to or on a school bus; prohibits the possession of an object that is indistinguishable from a firearm on school premises or a school bus or at any school activity; permits building operation and maintenance cost savings, in addition to energy cost savings, to be used by a school district to offset the cost of financing the implementation of energy conservation measures and requires school districts to comply with certain requirements prior to entering into installment contracts for energy conservation measures.

Am. Sub. H.B. 254 TEACHER RETIREMENT: Permits members of the State Teachers Retirement System, for a one year period, to purchase up to two years of service credit for time while on leave of absence for pregnancy approved prior to July 1, 1982, or for time away from employment covered by the system because of a resignation due to pregnancy prior to that date.

Am. H.B. 280 ARTS FACILITIES: Authorizes the transfer of certain bond proceeds to the school building assistance fund.

Am. Sub. H.B. 601 SCHOOL DISCIPLINE: Permits boards of education to adopt certain policies related to student conduct, dress and discipline and parental education programs, increases parental liability for physical injury caused by a child to a maximum of \$10,000, authorizes joint education service boards to add appointed members to these boards, makes failure to attend a required parental education program a misdemeanor of the fourth degree, and authorizes students to attend school without tuition payment in districts other than the districts where they are otherwise entitled to attend school if the superintendents of the districts involved agree that the attendance is justified.

Am. Sub. H.B. 627 TAX INCREMENT FINANCING: Requires notice to school boards of 45 days, instead of 30 calendar days, in advance of granting certain development-motivated property tax exemptions; allows school boards to waive the requirement that they be notified of possible tax exemptions by the county, township, or municipal corporation granting the

exemption; provides a manner for school districts to be held harmless for property tax exemptions granted under the municipal tax increment financing law.

Am. S.B. 26 STUDENT INFORMATION: Requires the release of certain directory information about high school students to military recruiters and permits school districts to charge for mailing costs connected to the release of such information.

Am. Sub. S.B. 188 TAX CREDITS: Expressly permits agreements whereby school districts receive payments in lieu of taxes on public recreational facilities exempted from taxation.

Am. Sub. S.B. 230 TEACHER LICENSES/SCHOOLNET: Requires the State Board of Education to issue educator licenses instead of teachers' certificates; requires teacher education programs to ensure that program graduates are skilled in integrating educational technology in the instruction of children; permits certain local school districts to enter into certain administrative agreements with educational service centers; allows the Board of Speech-Language Pathology and Audiology to license speech-language pathologists and audiologists practicing in schools and state agencies and waives, under specified conditions, the examination and educational requirements and initial licensure fee for these individuals; establishes the Technology Advisory Committee and the Office of Information, Learning, and Technology Services, and places the administration of SchoolNet and SchoolNet Plus programs under that office.

Am. Sub. S.B. 264 CAPITAL REAPPROPRIATIONS: Amends Sec. 45 and 177 of Am. Sub. H.B. 117 of the 121st General Assembly to alter the fund structure for school building program assistance.

Am. S.B. 266 SALES/INCOME TAXES: Changes the extent to which school districts and municipal corporations must overlap in order for them to share revenue from a municipal income tax.

Am. Sub. S.B. 310 BUDGET/SCHOOL MANAGEMENT: Provides a special commission for the supervision or management and control of school districts determined to be fiscally unsound.

## **122<sup>ND</sup> GENERAL ASSEMBLY**

Am. Sub. H.B. 269 SCHOOL GOVERNANCE: Authorizes the mayor of a municipal corporation to appoint a nine-member school board in a municipal school district operating under a federal court order and permits the voters to decide four or more years later whether or not to continue that method of selecting school board members or to return to an elected board. This bill impacted on the Cleveland Municipal School District. The bill did not affect any other school districts.

Am. Sub. H.B. 56 SCHOOL CONTRACTS: Permits a school board to enter into administrative contracts with non licensed employees who are considered to be supervisory or management level employees for the purposes of collective bargaining, permits a school district that has been declared to be in a state of fiscal emergency to issue, following approval of the district voters of



a new operating levy and approval of such school district's financial planning and supervision commission, securities not to exceed ten years for the purpose of restructuring or refinancing its outstanding debt obligations.

Sub. H.B. 106 SCHOOL OFFICIAL ASSAULT: Makes assault a felony of the fifth degree when the victim is a school teacher or administrator or a school bus operator and the assault occurs on school premises, in a school building, or, under certain circumstances, outside of school premises.

Am. Sub. H.B. 382 INDUCING PANIC: Increases the penalty for the offense of inducing panic when the public place involved in the offense is a school and permits school districts that close or evacuate a school building as a result of a bomb threat to make up the time the school was closed, for purposes of compliance with the laws that specify the number of days schools must be open and the number of hours there must be in a school day, in one-half hour increments added to other school days.

Sub. HB. 396 SCHOOL DIPLOMAS: Permits the "home" school districts of students receiving high school diplomas from the State School for the Blind or State School for the Deaf to also grant these students high school diplomas and to require "home" districts to grant diplomas to such students if they meet the graduation requirements of the district.

Sub. H.B. 434 ECONOMIC DEVELOPMENT ZONES: Makes various changes in procedures governing the creation of joint economic development zones and certain joint economic development districts, grants additional authority to subdivisions joining in certain kinds of joint economic development zones regarding the issuance of industrial development bonds, sharing property taxes, and granting property tax exemptions, authorizes municipal corporations, counties, townships, the state and certain persons and private entities to enter into cooperative economic development agreements, and makes changes in the technology investment tax credit program.

Am. Sub. H.B. 570 FOOD PROGRAMS: Provides for the State Board of Education to approve youth development centers' participation in the Child and Adult Care Food Program.

Am. Sub. H.B. 612 MEDICAL LIABILITY EXEMPTION: Exempts dentists who volunteer as school athletic team dentists and provide emergency dental care or first aid treatment to participants in school athletic events from liability in civil damages unless their actions constitute willful or wanton misconduct.

S.B. 17 SCHOOL TAXES: Permits a school board to propose to the electors, as one ballot question, a school district income tax and bond issue, or a property tax for the dual purposes of operating expenses and permanent improvements.

Sub. S.B. 96 SPEECH PATHOLOGY: Requires studies of the shortage of school speech-language pathologists and audiologists, permits the State Board of Education to issue temporary educator licenses in the specialty of school speech-language pathology, permits school districts and educational service centers to contract with speech-language pathologists and audiologists

who are licensed by the Board of Speech-Language Pathology and Audiology, exempts certain handicapped students of nonpublic schools from proficiency tests, eliminates issuance of the temporary educator licenses in school speech-pathology on January 1, 2002.

**S.B. 102 SCHOOL COMMISSION/PREVAILING WAGE:** Creates the Ohio School Facilities Commission, transfers responsibility for the Classroom Facilities Assistance Program from the State Board of Education to the Commission, makes other changes in the Classroom Facilities Assistance Law, exempts from prevailing wage law public improvements and construction undertaken by school districts and educational service centers.

## **123<sup>RD</sup> GENERAL ASSEMBLY**

**H.B. 1 OHIOREADS:** Implements the OhioReads initiative through the creation of classroom and community reading grants, establishes the Ohio Schools Best Practices Center, the OhioReads Office, and the OhioReads Council and abolishes the Council on July 1, 2004.

**H.B. 32 SCHOOL TEXTBOOKS:** Permits school districts to purchase electronic textbooks under the same conditions as textbooks are purchased and permits school districts to furnish electronic textbooks to students in lieu of traditional textbooks provided the electronic textbooks are furnished free of charge.

**H.B. 116 SCHOOL CURRICULUM:** Requires school districts to devote at least one hour on Veterans' Day to an observance that would convey the meaning and significance of that day.

**H.B. 121 ASTHMA INHALERS:** Permits students of school districts, community schools, and chartered nonpublic schools to carry asthma inhalers approved by the students' physicians and parents and grants immunity to school districts, community schools, and chartered nonpublic schools and their employees for good faith actions in connection with this permission.

**H.B. 160 DRIVER EDUCATION:** Eliminates the \$50 limit on the course fee that a board of education may charge a pupil enrolled in a driver education course.

**H.B. 238 PUPIL SERVICES EMPLOYEES:** Authorizes school districts and educational service centers to employ under administrative contracts individuals licensed as pupil services employees or administrative specialists or their equivalent who are not school counselors and spend less than 50 percent of their time teaching or working with students.

**H.B. 268 SCHOOL INCOME TAX:** Clarifies that the ballot language concerning renewal of school district income tax include a statement that the proposed tax is a renewal.

**H.B. 281 SCHOOL AGE:** Requires a child under the age of six who attends kindergarten to be considered of compulsory school age.

## **APPENDIX C**

Following is a copy of the questionnaire sent to school districts in the sample. The answers to many of the questions related to the set-asides mandated in H.B. 412 were not used in the final report. As explained in the methodology section of the report, the accuracy of the survey data is in doubt for a number of reasons. The cost estimates in this area are, therefore, based on data collected by the Department of Education. The answers to some other questions were not useful for estimating the costs of laws. There are also questions on the survey related to remediation beyond the fourth grade (questions 41 through 44). The answers to these questions are also not reported. There was apparently some confusion about how to answer these questions. In particular, two questions were asking for cost estimates, but many respondents answered with types of costs, not actual numbers. This fact, combined with the other issues related to the survey data resulted in the determination to not report these answers.

# SENATE BILL 30 SURVEY

## School Mandates IV



Contact Information:

Matthew C. Wells, Ph.D.,  
Budget/Policy Analyst  
Ohio Legislative Budget Office  
77 South High Street, 8th Floor  
Columbus, OH 43266-0347  
Phone: 614-466-6272  
Fax: 614-460-8566  
mwells@lbo.state.oh.us

Senate Bill 30 of the 118<sup>th</sup> Ohio General Assembly states:

*“the Legislative Budget Office of the Legislative Service Commission shall submit to the Speaker of the House of Representatives, the President of the Senate, and the chairmen of the standing committees on finance in both houses of the general assembly an estimate of the cost to school districts of each school law and each rule of the state board of education that became effective during the preceding two calendar years.”*

This survey is an important part of a study the Legislative Budget Office is undertaking on behalf of the Ohio General Assembly. The information obtained from this survey will be incorporated into a final report which will be delivered to the state legislature.

**Please complete and return the survey no later than Friday, June 30, 2000.**

## Research Protocol for Senate Bill 30 Mail Survey

*School District* \_\_\_\_\_ *Cnty* \_\_\_\_\_ *Name of Respondent* \_\_\_\_\_  
*Survey # (Office use only)* \_\_\_\_\_ *Title of Respondent* \_\_\_\_\_

**Introduction:** This survey is part of the enactment of Senate Bill 30, which requires the Legislative Budget Office to estimate the cost to school districts of each school law that became effective during the preceding two calendar years. Your cooperation is greatly appreciated. Your responses will be kept completely confidential.

### SECTION I. School Funding

I. HB 650, and HB 770, of the 122<sup>nd</sup> General Assembly and HB 282 of the 123<sup>rd</sup> General Assembly establish a new performance based school funding system. Under the new formulas most students are funded through their resident districts; funding may follow students to education service centers, non-resident school districts, or other entities. A new pupil weighting system has been implemented to provide additional funding for special education and vocational education; the Disadvantaged Pupil Impact Aid (DPIA) program has been restructured to fund all-day kindergarten, K-3 class size reduction, as well as safety and remediation programs.

1. How would you characterize the current financial state of your school district?  
**(Please check only one)**

Strong  
 Stable  
 Weak

- 1A. Could you briefly describe why you classified your district in this manner?

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

2. Has the district changed its special education program as a result of the changes in financial flows resulting from HB 650, HB 770, and/or HB 282?

Yes (If “yes” go to 2A)  
 No (If “no” skip to 3)

2A. Given all the rearrangement in financial flows due to HB 650, HB 770, and HB 282, how have special education services your students receive from all sources changed? **(Please check only one)**

- Increased overall  
 Decreased overall  
 Stayed the same **(If “stayed the same” skip to 3)**

2B. What kinds of changes in special education services have occurred? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2C. Changes in special education services are due to: **(Check as many as appropriate)**

- Increase in special education population  
 Decrease in special education population  
 Increase in services demanded  
 Decrease in services demanded  
 Financial flow changes  
 Other (Please specify) \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

3. Has your district changed its financial relationship with the ESC district as a result of these enactments?

- Yes **(If “yes” go to 3A)**  
 No **(If “no” skip to 4)**

3A. In relation to the ESC, how have the services provided by the ESC to your students changed? **(Please check only one)**

- Increased overall  
 Decreased overall  
 Stayed the same **(If “stayed the same” skip to 4)**

3B. What kinds of changes in services relating to the ESC have occurred? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3C. Why have the changes relating to the ESC occurred? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. As a result of these enactments, has the district changed its vocational education program?

- Yes (If “yes” go to 4A)
- No (If “no” skip to 5)

4A. In relation to vocational education, how have the services you provide to your students changed? (Please check only one)

- Increased overall
- Decreased overall
- Stayed the same (If “stayed the same” skip to 5)

4B. What kinds of changes in services relating to voc ed have occurred?  
\_\_\_\_\_  
\_\_\_\_\_

4C. Changes in voc ed are due to: (Check as many as appropriate)

- Increase in vocational education population
- Decrease in vocational education population
- Increase in services demanded
- Decrease in services demanded
- Financial flow changes
- Other (Please specify) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SECTION II. Performance and Accountability**

**I. HB 412 of the 122<sup>nd</sup> GA authorizes the Auditor of State to conduct performance audits of school districts in a state of fiscal watch or fiscal emergency; requires the establishment of a Capital and Maintenance Fund, Textbook and Material Fund, and Budget Reserve Fund.**

5. Did your district have a fiscal policy concerning capital and maintenance issues prior to the passage of HB 412 (July 1997)?

- Yes (If “yes” go to 5A)
- No (If “no” skip to 6)

5A. Could you briefly describe your policy on capital and maintenance prior to HB 412?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

6. Using the following scale, please rate the *speed* with which most capital repairs were completed prior to HB 412 and for fiscal year 2000:

<b>Prior to HB 412</b> <i>(Check only one below)</i>	<b>Speed</b>	<b>FY 2000</b> <i>(Check only one below)</i>
	Promptly	
	With some delay	
	With serious delay	
	With very serious delay	

6A. Using the following scale, please rate the *quality* of most capital repairs completed prior to HB 412 and for fiscal year 2000:

<b>Prior to HB 412</b> <i>(Check only one below)</i>	<b>Quality</b>	<b>FY 2000</b> <i>(Check only one below)</i>
	Excellent quality	
	Good quality	
	Fair quality	
	Poor quality	



7. For fiscal years 1996-1998, what was the average annual dollar amount spent by your district on capital and maintenance needs?  
\$ \_\_\_\_\_
8. For fiscal years 1996-1998, what was the average annual percentage of your budget devoted to capital and maintenance needs?  
\_\_\_\_\_ %
9. Using the percentage method spelled out in the Auditor of State's rules, what percentage of the budget was assigned to the Capital and Maintenance Fund for fiscal year 2000? **(Please check only one)**
- Less than 3%
- 3%
- More than 3%
- 3%, but will spend additional amounts outside the fund for this purpose
- 9A. How much in dollars is currently being assigned to the Capital and Maintenance Fund (fiscal year 2000)? \$ \_\_\_\_\_
10. What are you spending capital and maintenance monies on (fiscal year 2000)? **(Check as many as appropriate--Please include dollar amounts)**
- Modular Facilities (Please list amount in dollars) \$ \_\_\_\_\_
- New building construction (Please list amount in dollars) \$ \_\_\_\_\_
- Repairs (Please list amount in dollars) \$ \_\_\_\_\_
- General Maintenance (Please list amount in dollars) \$ \_\_\_\_\_
- Other (Please explain, and list amount in dollars) \_\_\_\_\_
- \_\_\_\_\_
- None and/or saving monies **(If "none" skip to 13)**
11. As a percentage of your annual budget, how much of the overall Capital and Maintenance Fund was utilized (fiscal year 2000)? \_\_\_\_\_ %
12. In dollar amounts, how much of the overall Capital and Maintenance Fund was utilized (fiscal year 2000)? \$ \_\_\_\_\_

13. Which of the following statements best describes your reactions to the creation of a Capital and Maintenance Fund? **(Please check only one)**

- It is a good financial management practice  
 It has its advantages and disadvantages  
 It is problematic

13A. Why do you feel this way? \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

14. What was your textbook replacement cycle prior to HB 412? **(Please check only one)**

- None  
 2 years  
 3 years  
 4 years  
 5 years  
 6 years  
 7 or more (Please list number of years) \_\_\_\_\_

15. For fiscal years 1996-1998, what was the average dollar amount spent annually on textbooks and materials? \$\_\_\_\_\_

16. For fiscal years 1996-1998, what was the average percentage of your annual budget spent on textbooks and materials? \_\_\_\_\_%

17. In dollar amounts, how much have you committed to the Textbook and Material Fund (fiscal year 2000)? \$\_\_\_\_\_

18. For fiscal year 2000 what percentage of the budget was assigned to the Textbook and Material Fund? **(Please check only one)**

- Less than 3%  
 3%  
 More than 3%  
 3%, but will spend additional amounts outside the fund for this purpose

19. Using the following scale, please rate the condition of your district's *textbooks* prior to HB 412 (fiscal year 1998) and presently?

<b>Prior to HB 412</b> <i>(Check only one below)</i>	<b>Textbook Quality</b>	<b>Presently</b> <i>(Check only one below)</i>
	Excellent, up to date	
	Good, most up to date	
	Fair, educationally adequate	
	Poor, many out of date	

20. Using the following scale, please rate the condition of your district's *materials* prior to HB 412 (fiscal year 1998) and presently?

<b>Prior to HB 412</b> <i>(Check only one below)</i>	<b>Materials Quality</b>	<b>Presently</b> <i>(Check only one below)</i>
	Excellent, up to date	
	Good, most up to date	
	Fair, educationally adequate	
	Poor, many out of date	

21. Which of the following statements best describes your reactions to the creation of a Textbook and Materials Fund? **(Please check only one)**

- It is a good financial management practice
- It has its advantages and disadvantages
- It is problematic

21A. Why do you feel this way? \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

22. Based on your experience for fiscal year 2000 and your budgeting for fiscal year 2001, in your opinion, is the 3% set-aside for textbooks and materials:

- Too much, this fund will run a surplus
- Just right
- Too little, we will usually spend more

23. Did you have a fiscal policy concerning budget reserves before this enactment?

- Yes (If “yes” go to 23A)  
 No (If “no” skip to 24)

23A. Briefly describe your policy on budget reserves prior to HB 412?

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24. For fiscal years 1996-1998, what kind of a cash carryover and/or reserve did you have on average each year? (Please check only one--Please include dollar amounts)

- None  
 30 day (Please list amount in dollars) \$ \_\_\_\_\_  
 60 day (Please list amount in dollars) \$ \_\_\_\_\_  
 90 day (Please list amount in dollars) \$ \_\_\_\_\_  
 Other (Please explain and list amount in dollars) \_\_\_\_\_
- 

25. Have you had any fund imbalances in the last 5 fiscal years?

- Yes (Please specify the most recent fiscal year) \_\_\_\_\_  
 No (If “no” skip to 26)

25A. What was the size of the most recent imbalance?

In dollars \$ \_\_\_\_\_

As a percentage of your annual budget \_\_\_\_\_%

25B. What debt management devices did your district use to cope with this imbalance? (Check as many as appropriate--Please include dollar amounts)

- Reduced expenditures (please list amount in dollars) \$ \_\_\_\_\_  
 State loans (please list amount in dollars) \$ \_\_\_\_\_  
 Bank loans (please list amount in dollars) \$ \_\_\_\_\_  
 Other (please explain and list amount in dollars)

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26. Which of the following statements best describes your reactions to the creation of a Budget Reserve Fund? **(Please check only one)**

- It is a good financial management practice  
 It has its advantages and disadvantages  
 It is problematic

26A. Why do you feel this way? \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

27. In both dollars and as a percentage, what will be the level of the Budget Reserve Fund in:

Fiscal Year 2000: \$ \_\_\_\_\_  
 \_\_\_\_\_ %

Projected for Fiscal Year 2001: \$ \_\_\_\_\_  
 \_\_\_\_\_ %

28. Did you do any budget projections beyond the next fiscal year before the enactment of HB 412?

- Yes **(If “yes” go to 29)**  
 No **(If “no” skip to 30)**

29. How many years of budget projections did you do prior to this enactment? **(Please check only one):**

- 2-3 years  
 4 years  
 5 years  
 Other (Please explain): \_\_\_\_\_

30. Which of the following statements best describes your reactions to the requirement of a five year budget projection? **(Please check only one)**

- It is a good financial management practice  
 It has its advantages and disadvantages  
 It is problematic

30A. Why do you feel this way? \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**II. SB 55 of the 122<sup>nd</sup> GA increases the total number of units of credit necessary for graduation and increases the number of required graduation units of credit. Institutes report cards provisions for schools, districts, etc., creates proficiency tests as well as the 4<sup>th</sup> grade guarantee.**

31. Have you changed your practices as a result of the report cards?

- Yes (If “yes” go to 31A)  
 No (If “no” skip to 32)

31A. Due to the implementation of report cards, there have been changes in the following areas: **(Check as many as appropriate--Please include costs in dollar amounts)**

- Teachers (Please list amount in dollars) \$ \_\_\_\_\_  
 Curriculum (Please list amount in dollars) \$ \_\_\_\_\_  
 Training (Please list amount in dollars) \$ \_\_\_\_\_  
 Additional Staff (Please list amount in dollars) \$ \_\_\_\_\_  
 Other (Please explain and list amount in dollars) \_\_\_\_\_

32. Which of the following best describes your opinions concerning the report card provisions of this bill? **(Please check only one)**

- It is good public policy  
 It has its advantages and disadvantages  
 It is problematic

32A. Why do you feel this way? \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

33. What was your minimum credit requirement for graduates before the enactment of SB 55? **(Please check only one)**

- Under 20  
 20  
 21+

33A. What percentage of your graduating seniors had 20 credits or more prior to SB 55?  
 \_\_\_\_\_%

33B. Prior to SB 55, how many graduation credit requirements did you have in the following areas?

- English \_\_\_\_\_  
 Math \_\_\_\_\_  
 Science \_\_\_\_\_  
 Social Studies \_\_\_\_\_

34. Has the change in graduation credit requirements (e.g., English, Math, Science) resulted in increased costs for fiscal year 2000?

- Yes **(If “yes” go to 34A)**  
 No **(If “no” skip to 35)**

34A. The costs in fiscal year 2000 resulting from graduation credit requirements are due to the following: **(Check as many as appropriate--Please include costs in dollar amounts)**

- Teachers (Please list amount in dollars) \$ \_\_\_\_\_  
 New facilities (Please list amount in dollars) \$ \_\_\_\_\_  
 Addition of new staff members (Please list in dollars) \$ \_\_\_\_\_  
 Higher teaching loads (Please list in dollars) \$ \_\_\_\_\_  
 Other (Please explain and list amount in dollars) \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

35. Do you think that the change in graduation credit requirements (e.g., English, Math, Science) will result in increased costs *over the next 3-4 years*?

- Yes **(If “yes” go to 35A)**  
 No **(If “no” skip to 36)**

35A. *Future costs* from changes in graduation credit requirements will likely be due to the following: **(Check as many as appropriate--Please include dollar amounts)**

- Teachers (Please list amount in dollars) \$ \_\_\_\_\_
- New facilities (Please list amount in dollars) \$ \_\_\_\_\_
- Addition of new staff members (Please list in dollars) \$ \_\_\_\_\_
- Higher teaching loads (Please list in dollars) \$ \_\_\_\_\_
- Other (Please explain and list amount in dollars) \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

36. With the added requirements in core academics (math, science, etc.), some electives may decrease. In what areas do you see a possible decrease? **(Check as many as appropriate)**

- Foreign language
- Arts courses
- Music courses
- Vocational education courses
- Home economics courses
- AP courses
- Other (Please explain) \_\_\_\_\_
- None **(If “none” skip to 38)**
- Don't know yet **(If “don't know yet” skip to 38)**

37. Will you be able to downsize teachers in those areas?

- Yes (Please list number of teachers) \_\_\_\_\_  
(Please list costs in dollar amounts) \$ \_\_\_\_\_
- No

38. Is your district doing *summer* remediation for the 4<sup>h</sup> grade guarantee? **(Please check only one)**

- Yes **(If “yes” go to 38A)**
- No **(If “no” skip to 39)**



38A. What are the costs associated with *summer remediation* for the 4<sup>th</sup> grade guarantee (fiscal year 2000)? **(Check as many as appropriate--Please include costs for grades 1 through 4)**

Professional development (Please list amount) \$ \_\_\_\_\_  
 Teachers (Please list amount in dollars) \$ \_\_\_\_\_  
 Transportation/buses (Please list amount) \$ \_\_\_\_\_  
 Study guides and materials (Please list amount) \$ \_\_\_\_\_  
 Tutors (Please list amount in dollars) \$ \_\_\_\_\_  
 Staff (Please list amount in dollars) \$ \_\_\_\_\_  
 Other (Please explain, and list amount in dollars) \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

38B. What kinds of funding (DPIA money, state and federal grants) are you using to cover summer remediation costs (fiscal year 2000)? **(Please include dollar amounts)**

DPIA Funds (Please list amount in dollars) \$ \_\_\_\_\_  
  
 Grant type \_\_\_\_\_ Amount \$ \_\_\_\_\_  
 Grant type \_\_\_\_\_ Amount \$ \_\_\_\_\_  
 Grant type \_\_\_\_\_ Amount \$ \_\_\_\_\_  
 Grant type \_\_\_\_\_ Amount \$ \_\_\_\_\_

39. *Excluding summer*, is your district doing remediation for the 4<sup>th</sup> grade guarantee?

Yes **(If “yes” go to 39A)**  
 No **(If “no” skip to 41)**

39A. *Excluding summer*, what costs are associated with remediation for the 4<sup>th</sup> grade guarantee (fiscal year 2000)? **(Check as many as appropriate--Please include costs for grades 1 through 4)**

Professional development (Please list amount) \$ \_\_\_\_\_  
 Teachers (Please list amount in dollars) \$ \_\_\_\_\_  
 Transportation/buses (Please list amount) \$ \_\_\_\_\_  
 Study guides and materials (Please list amount) \$ \_\_\_\_\_  
 Tutors (Please list amount in dollars) \$ \_\_\_\_\_  
 Staff (Please list amount in dollars) \$ \_\_\_\_\_  
 Other (Please explain, and list amount in dollars) \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

39B. How are you financing *non-summer* forms of remediation for the 4<sup>th</sup> grade guarantee? \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

40. Are you using DPIA funding for non-summer remediation?

- Yes (If “yes” go to 40A)  
 No (If “no” skip to 41)

40A. How much DPIA money are you using? \$\_\_\_\_\_

41. Beyond 4<sup>th</sup> grade, which grades are you doing summer remediation for?

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

42. Beyond 4<sup>th</sup> grade, what are the costs associated with other forms of summer remediation? \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

43. Excluding summer, what other forms of remediation are you doing beyond the 4<sup>th</sup> grade? \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

44. Excluding summer, what are the costs associated with remediation beyond the 4<sup>th</sup> grade? \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**SECTION III. General Issues**

**I. School Safety Zones**

SB 1 of the 123<sup>rd</sup> GA deals with school safety zones. Substitutes “school safety zone” for “vicinity of a school,” and similar terms, and allows courts to enhance penalties for any offenses of violence committed in such zones.

45. As per SB 1, have you adopted any school safety plans?

- Yes (If “yes” go to 45A)
- No (If “no” skip to 46)

45A. As a result of SB 1, have you incurred costs for any of the following? (Check as many as appropriate--Please include dollar amounts)

- Camera installation (Please list amount in dollars) \$ \_\_\_\_\_
  - Increased security staff (Please list **annual** amount) \$ \_\_\_\_\_
  - Metal detectors (Please list amount in dollars) \$ \_\_\_\_\_
  - Security doors (Please list amount in dollars) \$ \_\_\_\_\_
  - Emergency measures (Please list amount) \$ \_\_\_\_\_
  - Other (Please explain cost, annual or otherwise, and list amount in dollars)
- \_\_\_\_\_
- \_\_\_\_\_

**II. General**

46. Has any other legislation over the last four years resulted in substantial costs or savings to your district?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_