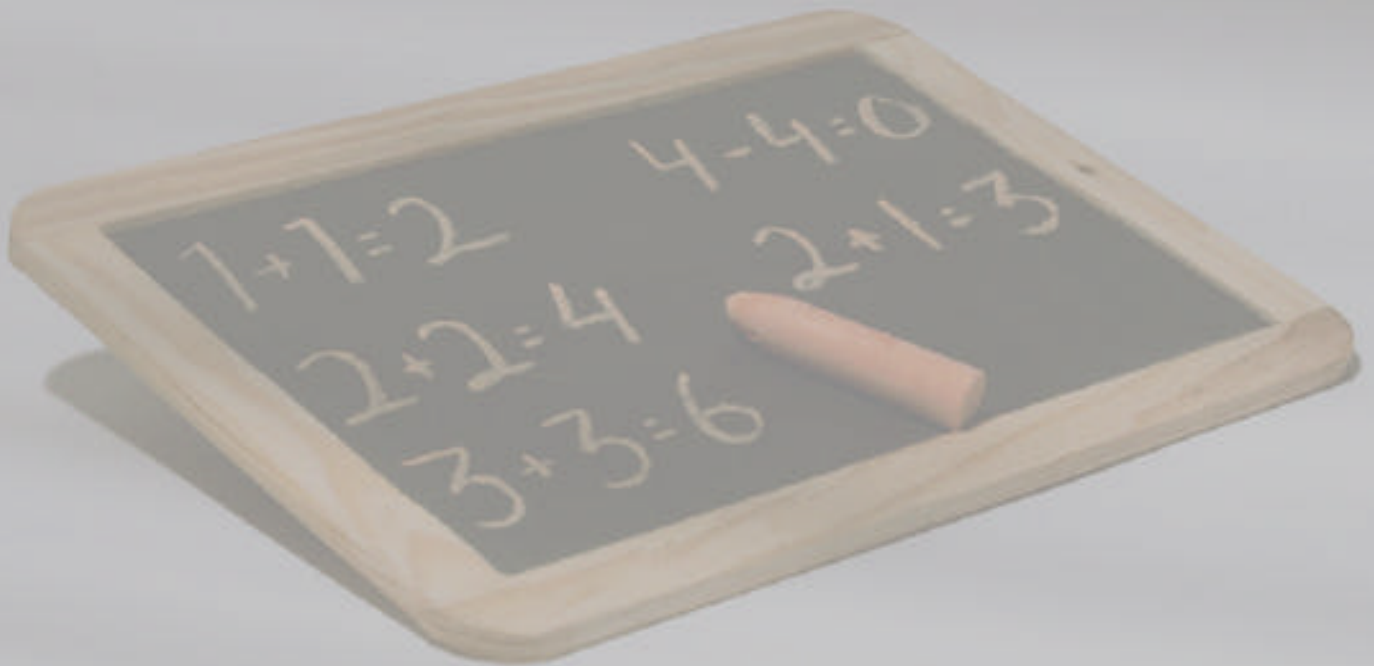

2004

S.B. 30 Report



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2004 S.B. 30 REPORT

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INTRODUCTION

Section 103.141 of the Ohio Revised Code (first enacted by Am. S.B. 30 of the 119th General Assembly) requires a report every even-numbered year estimating the cost to school districts of new school laws and rules that became effective during the preceding two calendar years. This S.B. 30 report includes legislation with effective dates in calendar years 2002 and 2003 and rules adopted during that period. The first section covers laws with costs or potential costs to school districts. The second section briefly discusses laws with minimal or no mandated costs to school districts. Finally, the third section covers the rules, some of which have potential costs, but most of which do not.

The cost estimates were made using existing data collected by the Ohio Department of Education (ODE), the Legislative Service Commission, or other organizations. In a few instances school districts were contacted to ensure that costs that may not have been obvious were not missed. The most important mandated changes that school districts are facing currently come primarily from the federal No Child Left Behind Act of 2001. Although state legislation¹ has conformed Ohio law to this new federal law, these changes are largely federal mandates, and as such they are outside the scope of this report.

The costs covered in the first section primarily come from changes in the law made through the budget act,² that decreased the *growth* in state funding to school districts. This decrease in state funding growth came through changes in the school funding formula and the state reimbursement of property tax exemptions. The laws in the second section of the report and most of the rules do not have mandated costs. For some of these laws and rules, there is simply no discernable fiscal impact. Others actually have beneficial fiscal effects for districts. Some have potential costs, but only when generated by voluntary district activities. For example, a law may “permit” a district to institute a program or policy that could have a cost. Also, laws affecting programs of the Ohio School Facilities Commission (SFC) have been put into this category because all of these programs are voluntary.

Am. Sub. S.B. 1 of the 124th General Assembly and Am. Sub. H.B. 3 of the 125th General Assembly together revised Ohio's school accountability system. The costs of S.B. 1 were covered in the 2002 S.B. 30 report except for the costs associated with the

¹ Am. Sub. H.B. 3 of the 125th General Assembly

² Am. Sub. H.B. 95 of the 125th General Assembly

intervention mandates. It was determined at that time that since the intervention mandates were too new and were based on tests that were being phased in, the analysis of the costs of these mandates would be postponed until the 2004 report. In the meantime, two separate studies of the costs of intervention in Ohio have been mandated. One was completed by William Driscoll and Dr. Howard Fleeter through a contract with ODE and one is being completed by the Legislative Office of Education Oversight and is due in March 2005. Given these two other studies and other problems inherent in the study of the costs of intervention, the members of the Legislative Service Commission decided to exempt coverage of intervention costs from this S.B. 30 report.

**SECTION I:
ACTS WITH COSTS OR
POTENTIAL COSTS TO SCHOOL DISTRICTS**

**Amended Substitute House Bill 95 of the 125th General Assembly
Effective June 26, 2003**

Funding formula changes

H.B. 95 included a number of changes to the school funding formula, which is used to provide the majority of state funding to school districts and joint vocational school districts.

The cost

Formula funding for school districts and joint vocational school districts increased from fiscal year (FY) 2003 to FY 2004 by approximately \$248.3 million. Six significant statutory changes in the formula led, however, to a smaller increase than would have occurred had the changes not been made. These provisions are the reduction of the base cost annual inflation factor from 2.8% to 2.2%, the elimination of the option to use the three-year average of the average daily membership (ADM) in place of the current-year ADM, the reduction of the percentage of joint vocational school district (JVSD) students included in the resident school district ADM, the reduction of the parity aid phase-in percentages, the postponed implementation of a new poverty index in the disadvantaged pupil impact aid (DPIA) program, and the increase in the excess cost supplement threshold. While the implications of each change can be discussed separately, the fiscal effect of the changes must be calculated together due to the interdependent nature of the variables in the funding formula. The changes are discussed in more detail below, followed by the net fiscal effect of all these changes to state formula aid.

Reduction in the base cost inflation factor. The base cost per pupil is the starting point for formula aid to school districts. Prior law had set the increases to the base cost at 2.8% per fiscal year. H.B. 95 reduced the inflation factor to 2.2%. An annual increase of 2.8% would have resulted in a base cost per pupil of \$5,088 in FY 2004, and \$5,230 in FY 2005. Instead, with an annual increase of 2.2%, the actual base cost per pupil was \$5,058 in FY 2004 and \$5,169 in FY 2005. Therefore, the increases in the base cost per pupil amounts were \$30 lower in FY 2004 and \$61 lower in FY 2005 than they would have been under prior law.

Substitution of three-year average ADM for current-year ADM. Prior law allowed a district experiencing declining enrollment to substitute its three-year average ADM in place of its current-year ADM in the funding formula to limit the financial impact of a rapid decrease in student enrollment. A decrease in a district's ADM results in a lower amount of state aid for the district. H.B. 95 removed the option of using the three-year average ADM, requiring the current-year ADM to be used for all districts. FY 2004 ADM for 338 school districts was lower as a result of this change. The statewide ADM would have been approximately 11,300 pupils higher for school districts and JVSJs combined, in FY 2004, if the three-year average provision had continued.

Reduction in the percentage of JVSD students included in a resident district's ADM. Prior to H.B. 95, school districts included 25% of the ADM of their students educated in a JVSD in the districts' ADM. H.B. 95 decreased this percentage to 20%. The additional funding accounts for some of the administrative responsibilities the home school district retains when a student attends a JVSD. State funding to JVSJs for the education of these students is calculated under a separate formula. The statewide current-year ADM for regular school districts would have been approximately 1,900 pupils higher if JVSD students had been counted at the 25% level in FY 2004. An increase in a district's ADM results in a higher amount of state aid for the district.

Disadvantaged pupil impact aid (DPIA). DPIA provides additional funds to districts with relatively high concentrations of pupils living in poverty as measured by the DPIA index, which compares a district's percentage of pupils living in poverty to the statewide average percentage of pupils living in poverty. Depending on a district's DPIA index, it may receive funding under three different programs: all-day kindergarten; kindergarten through third grade class-size reduction; and safety, security, and remediation. Am. Sub. H.B. 94 of the 124th General Assembly adopted a new poverty indicator to calculate each district's DPIA index starting in FY 2004. This new indicator uses the unduplicated count of children whose families receive Medicaid, food stamps, or disability assistance, or whose families participate in Ohio Works First (OWF) or the children's health insurance program (CHIP). The former indicator only used the count of children whose families participated in OWF. The new poverty indicator would have increased the number of students eligible for DPIA funding by more than 300 percent in FY 2004. H.B. 95, however, postponed the use of this new indicator. In FYs 2004 and 2005, districts received a 2% increase in the DPIA funding over the prior year. Use of the new indicator would have provided a greater increase in DPIA funding for those fiscal years. It also would have changed the distribution of DPIA funds to districts in Ohio. In FY 2004, the number of districts eligible for all-day kindergarten funding would have increased from 107 to 156; for class-size reduction funding from 154 to 255; and for safety, security, and remediation funding from 339 to 413. The new indicator would have distributed most of the funding increase to poor rural districts. Under H.B. 95, the

Big Eight³ urban districts received 66.3% of the total DPIA funding in FY 2004. Using the new indicator, they would have received 52.4%.

Reduction in the parity aid phase-in percentages. Parity aid provides additional funding (above the base cost amount) to districts with wealth levels below the 80th percentile. Parity aid was instituted by Am. Sub. H.B. 94 of the 124th General Assembly. It was to be evenly phased in over a five-year period beginning in FY 2002. The phase-in percentages were set at 60% in FY 2004 and 80% in FY 2005. H.B. 95 reduced these phase-in percentages to 58% in FY 2004 and 76% in FY 2005.

Increase in the state excess cost threshold. The state funds a portion of special education weighted funding, career-technical education weighted funding, and transportation model cost funding, in a proportion equal to the district's state share percentage of base cost funding. The local share of these costs is the difference between the total model cost and the state share. For example, if a school district receives 55% of its base cost funding from the state, the state share of special education weighted funding, career-technical education weighted funding, and transportation model cost funding will also be 55%. The district's local share is the remaining 45% of the total model cost. The excess cost supplement limits this local share. Under prior law, the local share was limited to 3 mills of the district's property tax levies. H.B. 95 increased this threshold to 3.3 mills. In FY 2004, 66 districts that would have received the supplement at the 3-mill level received no supplement at the 3.3-mill level, and an additional 287 districts received a lower supplement than they would have received had the threshold remained at 3 mills.

Mitigating factors. While the preceding changes tended to reduce state aid received by school districts, other provisions of H.B. 95 mitigated the effects of these changes. H.B. 95 increased the personnel allowance for the Graduation, Reality, and Dual-role Skills (GRADS) subsidy, a career-technical education program, which had a small positive effect on some districts' aid. H.B. 95 also increased the special education phase-in percentages from 87.5% for FY 2003 to 88% for FY 2004 and 90% for FY 2005. More importantly, however, H.B. 95 established transitional aid, which prevents any district's state aid from decreasing by more than 5% from FY 2003 to FY 2004 or from FY 2004 to FY 2005. H.B. 95 also retained the guarantee provisions already existing in the formula. Transitional aid and the other guarantee provisions prevented actual state formula aid from increasing as little as it otherwise would have as a result of the other changes.

³ The Big Eight urban districts are Akron, Canton, Cincinnati, Cleveland, Columbus, Dayton, Toledo, and Youngstown.

Net effect. H.B. 95 increased formula aid for school districts and joint vocational school districts by approximately \$248.3 million in FY 2004. Of the 612 school districts in Ohio, 455 districts or 74.3% received more formula aid in FY 2004 than in FY 2003, 66 districts or 10.8% received the same amount of formula aid as in FY 2003, and the remaining 91 districts or 14.9% received less formula aid. Had the six changes to the funding formula that tended to reduce state aid not been implemented, an additional \$224.3 million would have been provided to school districts and joint vocational school districts through formula aid. Without the six changes, 539 districts or 88.1% would have received more state aid, 9 districts or 1.5% would have received less, and 64 districts or 10.5% would have received the same amount of aid in FY 2004 compared to what they actually received. The amount of formula aid received by each district is affected not just by statutory changes, but also by changes in ADM, local property wealth, and other factors.

Inclusion of parity aid in community school transfer

Prior to H.B. 95, when a student attended a community school, the base cost per pupil with the cost-of-doing-business factor adjustment as well as any special education weighted funding, career-technical education weighted funding, or DPIA funding attributable to the student was transferred from the resident district to the community school. However, parity aid generated by community school students remained in the resident districts. H.B. 95 added the district's per pupil parity aid to the transfer, thereby increasing the amount of state funding lost by the district when a student chooses to attend a community school.

The cost

In FY 2004, the total amount of the community school transfer for parity aid was \$11.3 million.

Personal tangible property tax exemption

Businesses in Ohio are exempt from paying property taxes on the first \$10,000 in personal tangible property owned by the business. Prior to H.B. 95, the state reimbursed local governments, including school districts, for the lost tax revenues on this \$10,000 exemption. H.B. 95 maintains the exemption but phases out the reimbursement. The phase-out is at a rate of 10% per year beginning in FY 2004.

The cost

In tax year (TY) 2002, the value of the exempted property statewide was \$1.2 billion and the value of the reimbursement to school districts and joint vocational school districts was approximately \$67.0 million per year. H.B. 95 phases out the reimbursement and, therefore, results in a cumulative annual decline of \$6.7 million in

the reimbursement each year until TY 2012 when the reimbursement will be completely phased-out. The phase-out of the reimbursement causes the property value used in the school funding formula to be lower. This, in turn, leads to higher state aid. For FY 2004, state aid is approximately \$2.2 million higher than it otherwise would have been, resulting in a net loss to school districts as a whole of approximately \$4.5 million. If the reimbursement were to have been completely phased-out in FY 2004, state aid would have risen by approximately \$21.9 million, with a net loss of \$46.1 million.

Practice Ohio Graduation Test for ninth grade students

H.B. 95 required school districts in academic watch or academic emergency to administer and score a practice Ohio Graduation Test (OGT) to ninth grade students beginning in FY 2004. Am. Sub. S.B. 2 of the 125th General Assembly amended this provision to require districts in academic watch, academic emergency, or with a three-year average graduation rate of less than 75% to administer and score the tests.

H.B. 95, as amended by S.B. 2, also required that in FY 2004 districts in academic emergency and, beginning in FY 2005, districts with a three-year average graduation rate of less than 75% use state money appropriated for this purpose to provide intervention services to students at risk of not passing the OGT based on their performance on the practice OGT as well as other assessments.

The cost

The districts required to administer and score the tests will need to devote staff time as well as classroom time to this task that, without this provision, could have been used for other purposes. It is unlikely, however, that the districts will need to hire new personnel or contract for these services. H.B. 95 included an appropriation of \$500,000 in FY 2004 and \$100,000 in FY 2005 for ODE to use to train district personnel in the scoring of these tests. According to ODE data, 79 districts in FY 2004 and 51 districts in FY 2005 were required to administer and score these tests.

The intervention mandate is limited to the availability of state funds and does not require the use of local funds. H.B. 95, as amended by S.B. 2, appropriated \$3.7 million in FY 2004 for districts in academic emergency and \$5.9 million in FY 2005 for districts with a three-year average graduation rate less than 75% to be used to provide this mandated intervention. According to ODE data, 24 districts met the criteria in FY 2004 and 29 met the criteria in FY 2005. The per pupil state grant for intervention under this program was approximately \$14 in FY 2004 and \$17 in FY 2005. In addition, H.B. 95, as amended by S.B. 2, provided \$4.65 million in FY 2004 for professional development in academic emergency districts and \$4.65 million in FY 2005 for professional development in districts with a three-year average graduation rate less than 75%. The primary focus of this professional development funding is to prepare ninth and tenth grade students to pass the OGT.

Cleveland Scholarship and Tutoring Program

The Cleveland Scholarship and Tutoring Program (CSTP) was created as a result of Am. Sub. H.B. 117 of the 122nd General Assembly and was first implemented in the fall of 1996. The state was required to provide scholarships that would enable Cleveland City School District students to attend either a private school registered with the state or a public school in an adjacent district. Scholarships were not to exceed \$2,250 and the number of scholarships available for the plan was dependent upon the level of funding provided by the General Assembly. Students who received a scholarship could continue in the program through the eighth grade.

H.B. 95 adjusted the program by increasing from \$2,250 to \$2,700 per student, the maximum scholarship award amount for students in grades kindergarten through eight. It also expanded eligibility for scholarship awards under the program to ninth graders in FY 2004 and tenth graders in FY 2005 and set the maximum award amount for those students at \$2,430 per student. Ninth and tenth grade students must have been awarded a scholarship in a previous year to receive one in ninth or tenth grade.

The cost

The first scholarships were distributed in FY 1997, with 1,994 students receiving scholarships and 124 receiving tutorial assistance grants with a total program expenditure of \$5.0 million. In FY 2004, 5,796 students received scholarships and 2,733 received tutorial assistance grants with a total program expenditure of \$16.4 million. CSTP has historically been funded through a set-aside of Cleveland's state DPIA allocation. H.B. 95 added GRF money totaling \$4.5 million in FY 2004 in order to cover the changes made in the bill. The amount transferred from Cleveland's DPIA allocation in FY 2004 was \$11.9 million, which is actually less than the \$12.3 million transferred in FY 2003.

Autism Scholarship Program

H.B. 95 instituted the Autism Scholarship Program. This program provides a scholarship of up to \$15,000 to the parent of a child identified as autistic to pay all or part of the tuition for a special education program provided by a school district, a public entity, or a nonpublic entity other than the school district in which the student resides.

The cost

The student is counted in the resident district's ADM for purposes of the state funding formula, and the amount of the scholarship is deducted from the resident district's state aid. An autistic student generates the base cost per pupil with the cost-of-doing-business factor adjustment plus special education weighted costs. In FY 2004, the base cost per pupil was \$5,058; when adjusted with the cost-of-doing-business factor, it

ranged from \$5,058 to \$5,437. For an autistic student the special education weight is 4.7342. This weight was phased in at 88% in FY 2004. An autistic student generates, in the funding formula, \$5,283 in base cost, on average, and \$21,072 in special education weighted costs. The state only funds a portion of special education weighted costs based on each district's state share percentage of base cost funding. For some districts, with relatively lower wealth, the amount of state aid (including both base cost and weighted funding) generated by the student will be equal to or greater than the amount of the scholarship. In FY 2004, districts with a state share percentage greater than approximately 57% fell into this category. For other districts, with relatively higher wealth, the state aid generated by the student will be less than the scholarship amount and the district will need to reallocate local revenues to cover the difference between the \$15,000 scholarship and the amount of state aid generated by the student. In FY 2004, districts with a state share percentage less than approximately 57% fell into this category. Of course, any district, with a scholarship student, will not incur the cost of serving this autistic student. The research underlying the state foundation formula estimates this cost at approximately \$29,000 in FY 2004. As of September 2004, 200 students have participated in the program statewide.

Conversion to EMIS

The Education Management Information System (EMIS) was created as a result of the 118th General Assembly's requirement that the State Board of Education adopt rules for developing a uniform, coordinated management information system to provide information about Ohio's public school students and public education resources. EMIS data specifications and reporting systems have been developed over time through a cooperative effort of school administrators, treasurers, teachers, the general public, representatives from ODE and the Ohio Education Computer Network, and education software vendors. H.B. 95 required school districts and community schools to adopt common data definitions certified by ODE for the management and reporting of data under EMIS by July 1, 2004. School districts and community schools that fail to meet the deadline will have their EMIS funding withheld until they are in compliance.

The cost

ODE reports that no school districts or community schools have been penalized for failing to implement the common data definitions and standards approved by ODE. In many cases existing data reporting systems conformed to the standards and data definitions adopted by ODE. In cases where the existing system did not comply with the newly adopted standards, the cost to convert to a new system varied depending on the specific circumstances of the district and the specific data reporting system adopted.

Special education costs for joint vocational school districts

H.B. 95 required that any cost of providing special education and related services to a student by a JVSD that exceeds the calculated state and local shares of base cost and special education weighted costs generated by the student in the foundation formula be paid for by the student's resident district or community school.

H.B. 95 also required that JVSDs spend the calculated state and local shares of base cost and special education weighted costs generated by the JVSDs' special education students on special education and related services approved by ODE.

The cost

The amount, if any, of excess special education costs for JVSD students will vary every year depending on which students choose to attend JVSDs. Depending on the amount of these excess costs, JVSDs may receive higher revenues while the corresponding resident districts or community schools may experience decreases in revenues.

JVSDs incur some administrative costs to report to ODE on the use of their special education funds. This provision also restricts the use of some of their revenue.

**Amended Substitute House Bill 3 of the 125th General Assembly
Effective August 15, 2003**

Conforming Ohio law to No Child Left Behind

H.B. 3 largely conforms Ohio law to the changes in federal law made by the federal No Child Left Behind Act of 2001 (NCLB). The major costs of H.B. 3, therefore, are actually the costs of federal mandates. H.B. 3 changed the accountability provisions in current law to conform them more exactly to the accountability provisions of NCLB. NCLB requires calculation of a performance measure called "adequate yearly progress" (AYP). The AYP determination measures not only the progress of students in the aggregate, but also the progress of subgroups of students. These subgroups include major racial and ethnic groups, students with disabilities, economically disadvantaged students, and limited English proficient students. Making AYP involves obtaining "annual measurable objectives" which are mainly certain percentages of students attaining at least a proficient performance level on the reading and mathematics achievement tests. These percentages increase over time. H.B. 3 required that the State Board establish the annual measurable objectives in accordance with NCLB. NCLB requires the proficiency rate be 100% by FY 2014.

Under H.B. 3, the sanctions for districts and buildings not making AYP for two or more years mirror those of the federal law. Districts must offer students at schools failing to make AYP for two consecutive years the option to attend another school in the district that has made AYP. After three years, districts must offer students supplemental services. After four and five years of failure to make AYP other interventions are required.

H.B. 3 did go beyond NCLB by applying these accountability standards to all Ohio school districts, instead of just those districts receiving Title I funds, as required by the federal law. In FY 2004, there were 22 school districts in Ohio that did not receive Title I funds. Three of these districts did not make AYP for the 2003-2004 school year and are, therefore, at risk of being sanctioned.

The cost

Under NCLB, districts must use up to 20% of their Title I funds to pay for supplemental services and transportation for school choice. This will require districts to shift spending from those activities currently funded with Title I dollars. Ohio school districts received \$365.6 million in Title I funds in FY 2004. Twenty percent of this amount is \$73.1 million. This is an upper limit on how much school districts statewide are required to spend on supplemental services and transportation for school choice. Other possible costs of school choice, such as increasing capacity at schools receiving students and notifying parents of their options are not accounted for in NCLB. Depending on which interventions are followed after the fourth and fifth consecutive years of not making AYP, expenditures are likely to increase for districts. For example, the district may need to develop or purchase a new curriculum for one or more of its schools, extend the length of the school day or year, replace district staff, or have a portion of its Title I funds withheld.

Amended Substitute Senate Bill 261 of the 124th General Assembly Effective June 5, 2002

Budget correction for FY 2003

S.B. 261 is a budget bill that changed some of the provisions of the main operating budget for FYs 2002 and 2003. One provision reduced appropriations for ODE by \$30 million in FY 2003. The school funding formula, which provides the bulk of state funds for school districts, was exempted from any reductions in the bill.

The cost

Much of the appropriation reduction was absorbed by ODE in its administrative budget. Some grant programs were affected, however, and may have resulted in school districts receiving less in state grant funding than they would have otherwise received.

Approximately \$12.5 million was cut from programs awarding grant funds to school districts and other education entities. Since grants are generally awarded on a competitive basis, it is not known how much, if any, of the \$12.5 million cut was actually absorbed by school districts.

**Amended House Bill 384 of the 124th General Assembly
Effective September 6, 2002**

School staff trained in the Heimlich maneuver

H.B. 384 required any school district or nonpublic school that operates a food service to require at least one employee who has been trained in methods to prevent choking and who has demonstrated an ability to perform the Heimlich maneuver to be present while students are served food.

The cost

The total cost of this requirement to individual schools across the state of Ohio is likely to be minimal. Training courses for the Heimlich maneuver are often available at no cost from local fire departments as a function of community education programs. In addition, existing staff at schools may already be trained in the procedure, requiring no additional expense to fulfill the requirement. However, some districts may decide to implement a formal process for training staff in the procedure that will require some diversion of staff resources as well as the cost of producing training materials, possibly including pamphlets, posters, and videos.

**SECTION II:
ACTS WITH MINIMAL TO NO MANDATED COSTS TO
SCHOOL DISTRICTS**

**Substitute House Bill 364 of the 124th General Assembly
Effective April 8, 2003**

Adjustments to formula average daily membership (ADM)

Community school students are primarily funded by state aid. The students are counted in their resident districts' ADM and the funds attributable to that student are deducted from the districts' state aid and transferred to the community school. Prior to H.B. 364, community school students were only counted in the resident districts' ADM if the student was enrolled in the district or community school during the first full week of October, even though the district would still have state aid deducted if the student were to attend a community school later in the year. H.B. 364 allowed school districts to increase their formula ADM to account for community school students who were not enrolled during the first full week of October and, therefore, were not included in the district's October ADM count. This provision benefits school districts because higher formula ADM leads to higher state aid. For every additional student being added into the formula ADM, the district's state aid increases by \$5,058 with the cost-of-doing-business factor adjustment in FY 2004 plus any special or career-technical education weighted funding applicable to the student. In FY 2004, ODE estimates that, due to this provision, district ADM statewide increased by approximately 2,651, resulting in an increase in state funding equal to approximately \$15.2 million for resident school districts.

Changes in community school enrollment

H.B. 364 made several other changes to the community school law. Some of these changes make it easier for new community schools to open and others make it more difficult. Changes that may have led to more community schools opening include an increase in the types of organizations that can sponsor community schools, permission for community schools to restrict enrollment to gifted students or students of a single gender, and expansion of the number of districts that can have community schools by including academic watch districts. Changes that may have led to fewer community schools opening include removal of the State Board of Education from the list of possible sponsors for schools, the requirement that community schools comply with more state laws including the laws regarding truancy, and a temporary cap of 255 (until July 1, 2005) on the total number of start-up community schools sponsored by entities other than school districts in Ohio.

Community school enrollment and the number of community schools have been increasing each year since the first community schools were established in Ohio in FY 1999. This growth is detailed in the table below.

| The Growth of Community Schools, FY 1999 – FY 2004 | | | | |
|---|------------------------------------|------------------------|------------------------------------|------------------------|
| Fiscal Year | Number of Community Schools | Annual % Change | Community School Enrollment | Annual % Change |
| 1999 | 15 | -- | 2,245 | -- |
| 2000 | 48 | 220.0% | 9,032 | 302.3% |
| 2001 | 68 | 41.7% | 16,717 | 85.1% |
| 2002 | 93 | 36.8% | 23,626 | 41.3% |
| 2003 | 134 | 44.1% | 33,978 | 43.8% |
| 2004 | 179 | 33.6% | 47,409 | 39.5% |

There are many factors affecting this growth, so it is not possible to isolate the effect of the changes made in H.B. 364 on community school growth.

School districts are affected fiscally by the increase in community school enrollment in two ways. First, districts lose state aid for the student attending a community school. For each community school student the district loses state funding formula revenues equal to:

- (1) The base cost per pupil as determined by the Ohio General Assembly, which equaled \$5,058 in FY 2004, with the cost-of-doing-business factor adjustment;
- (2) If the student is a special or career-technical education student, the weight applicable to that student in the funding formula multiplied by the base cost per pupil;
- (3) Any disadvantaged pupil impact aid generated by the student; and
- (4) The parity aid per pupil received by the student's resident district (community schools began receiving parity aid in FY 2004 as a result of Am. Sub. H.B. 95 of the 125th General Assembly).

The following table shows the growth in community school funding transfers from school district state aid since FY 1999.

| Community School Funding Transfers, FY 1999 - FY 2004 | |
|--|------------------------------------|
| Fiscal Year | Community School Funding Transfers |
| 1999 | \$ 10,985,022 |
| 2000 | \$ 51,658,903 |
| 2001 | \$ 91,199,488 |
| 2002 | \$ 138,941,700 |
| 2003 | \$ 204,494,037 |
| 2004 | \$ 267,666,591 |

The second way that districts are affected fiscally is in no longer incurring the cost of educating the student. A district's costs, however, may not decrease as fast as its revenues decrease. If the community school students are concentrated in one school in one or two grades, the districts may be able to experience cost savings quickly. However, if these students come from different grades across the districts' schools, it may be difficult for the districts to realize any cost savings right away. Say, for example, that one third-grade student leaves the district to attend a community school. State funds follow this student to the community school, so that in FY 2004 the district receives at least \$5,058 less in state funding. However, the loss of just this one student is unlikely to decrease the district's expenses by \$5,058. It is not until a larger number of students have left that the district will be able to experience significant cost savings by perhaps having fewer classes.

Amended Senate Bill 12 of the 125th General Assembly Effective March 31, 2003

Internet or computer-based community schools

S.B. 12 removed a prohibition enacted by Am. Sub. H.B. 364 of the 124th General Assembly against conversion community schools being established as Internet or computer-based schools. Conversion community schools are schools that are sponsored by a school district that converts all or a portion of a public school into a community school. S.B. 12 also permitted school districts to add hours onto the school day in order to make up certain calamity days during the 2002-2003 school year. Both of these provisions are permissive and tend to benefit school districts.

**Amended Substitute Senate Bill 242 and Amended Substitute Senate Bill 261 of the 124th General Assembly
Effective June 19, 2002 and June 5, 2002**

Funding for the School Facilities Commission (SFC)

S.B. 242, the tobacco settlement budget bill for FYs 2003 and 2004, appropriated \$148.4 million for ongoing school facilities projects under the Classroom Facilities Assistance Program. However, H.B. 95 cut this appropriation amount to \$25.6 million and then made a capital appropriation of \$122.8 million to make up the difference.

On the same day that S.B. 242 passed, the 124th General Assembly also passed S.B. 261, which authorized the transfer of \$345.0 million in tobacco settlement money originally intended for the Education Facilities Trust fund (Fund N87) to the General Revenue Fund to help balance the state budget. To make up for this transfer of tobacco funds, S.B. 261 authorized the issuance of bonds and appropriated \$345.0 million in bond proceeds for SFC for the FY 2003-FY 2004 biennium. There should be no fiscal effect of these changes on school facilities funding.

**House Bill 675 of the 124th General Assembly
Effective March 14, 2003**

Vocational Facilities Assistance Program

H.B. 675 of the 124th General Assembly created the Vocational Facilities Assistance Program (VFAP). Much like the Classroom Facilities Assistance Program for the 612 school districts, VFAP is intended to provide classroom facilities assistance to Ohio's 49 joint vocational school districts (JVSDs). SFC is to set aside 2% of its capital appropriations every year for the program beginning with FY 2005. H.B. 675 also allows JVSDs to participate in a slightly modified version of the Expedited Local Partnership Program under which they will be able to use local funds for new construction or renovation prior to being eligible for state assistance under VFAP and later receive credit for funds spent.

Three joint vocational school districts have been accepted into VFAP for FY 2005: Pike County Area JVSD, Southern Hills JVSD, and Pickaway-Ross County JVSD. The state and local shares of these three projects are estimated to be \$32.8 million (75.1%) and \$10.9 million (24.9%), respectively, for a total cost of \$43.7 million. SFC has set aside \$2 million for FY 2005 for these projects as the three JVSDs start construction. For FY 2006 through FY 2012, SFC estimates that approximately \$150.6 million will be set aside for VFAP projects.

Amended Substitute House Bill 95 of the 125th General Assembly Effective June 26, 2003

Participation in National Assessment of Educational Progress

H.B. 95 required school districts and schools selected by the Superintendent of Public Instruction to participate in the National Assessment of Educational Progress (NAEP). This provision conformed Ohio law to the federal No Child Left Behind Act of 2001, which mandates participation from every state. Otherwise known as the Nation's Report Card, NAEP has been conducted since 1969 in various academic subjects including math, reading, and science. Since 1990, NAEP has produced state level testing results for participating states. In FY 2003, when participation was voluntary, 298 school buildings in Ohio participated in the assessment. The next state assessment is scheduled to occur in 2005 and is expected to utilize a sample of approximately 300 schools and 3,000 students. There is no expectation of any costs associated with participating in the assessment other than the loss of some instructional time.

Credit for expenditures made prior to participation in state programs

Previously, school districts were allowed to count as part of their local share of a state-funded facilities project certain approved expenditures made in the 18 months prior to obtaining notice that the district would be eligible for state funding assistance under the Classroom Facilities Assistance Program (CFAP). School districts participating in the Expedited Local Partnership Program (ELPP) were also able to count towards their local share certain approved expenditures made in the 18 months prior to September 14, 2000. Approved expenditures generally refer to those incurred for facilities or components of facilities that are consistent with the SFC design and material standards. Examples include a new facility, an addition or renovation to an existing facility, or facility components and equipment such as sprinkler systems and boilers.

H.B. 95 repealed these laws and ended the authority of school districts, with certain exceptions, to count these expenditures as part of their local share of a state funded facilities project. This change may increase the local share of a school district that has not yet been served and has incurred some expenditures that would have otherwise been approved for credit.

Prior to the repeal, three districts had qualified for credit for some of these expenditures. They are Clearview Local (Lorain), Girard City (Trumbull), and Evergreen Local (Fulton). As a result, the state shares for these three districts were \$3.2 million, \$4.9 million, and \$6.2 million higher, respectively, than they would have been under current law.

Eligibility in the Exceptional Needs Program

H.B. 95 allowed large land area districts of 300 square miles or more, regardless of their wealth levels, to participate in the Exceptional Needs Program (ENP). Prior to H.B. 95, only school districts in the lower half of ODE's equity list were eligible to participate.

SFC data show that only 13 school districts have territories greater than 300 square miles, seven of these districts already had been served by other programs prior to H.B. 95, and one was in the lower half of the equity list and was, therefore, already eligible. The remaining five districts are Ohio Valley Local (Adams), Switzerland of Ohio Local (Monroe), Gallia County Local (Gallia), River View Local (Coshocton), and Upper Sandusky Ex Vill (Wyandot). H.B. 95 allowed these five districts to receive assistance under ENP. This could potentially result in the loss of funds available to lower wealth districts seeking to be served under ENP.

In addition, H.B. 95 allowed school districts already selected to participate in ELPP prior to September 14, 2000 to be served by ENP. According to SFC, Logan-Hocking City (Hocking) falls under this provision and is being served this year under both ENP and ELPP. Again, increasing the eligibility for ENP may result in less funds being available for districts that were previously eligible.

Renovation of existing classroom facilities

H.B. 95 permitted a school district board to renovate rather than replace classroom facilities when the district board determines that the facility has historical value or for other good causes. SFC must approve the renovation proposal by determining whether the renovated building can be operated efficiently and by deciding whether it will meet the student and faculty needs in future years. The state funding for an approved renovation project is limited to the district's state share of the estimated cost of a comparable, newly built facility. If the cost of renovation exceeds the cost of new construction, the district has to use local funds to pay for the difference. This provision is completely voluntary.

While not written in law, SFC normally uses a flexible two-thirds guideline in determining whether to renovate an existing building or to build a new one. This means that, generally, a new building will be chosen unless the cost of renovation falls below two-thirds of the cost of new construction.

Additional assistance for school districts to correct oversights or deficiencies

Continuing law allows a school district to receive a state loan under the Hardship Loan Program when (1) the district has a need for additional local funds in order to correct oversights or deficiencies in the district's initial assessment of the facilities needs

or project plan and (2) expenditure of the additional local funds would reduce the district's projected ending general fund balance to 5% or less of projected revenues for the current year or 2% or less of projected revenues for the next year. Prior to H.B. 95, a school district was required to pay back such a loan within five years. H.B. 95 permitted SFC to lengthen from five to ten years the maximum number of years within which school districts must pay back their loans. To date, two districts are participating in the Hardship Loan Program: Oak Hill Union Local (Jackson) and New Lebanon Local (Montgomery). Oak Hill Union Local has received a one-year extension from the original five-year term and has made one payment. New Lebanon Local currently has a five-year loan with the first payment due in June 2005.

Elimination of certain school facilities assistance programs

H.B. 95 eliminated three programs previously administered by SFC: the Short-Term Loan Program, the Emergency School Repair Program, and the Disability Access Program. At the time, no school districts were participating in either the Short-Term Loan Program or Emergency School Repair Program. Before being phased out in March 2004, a small number of school districts were receiving aid through the Disability Access Program. These districts continued to receive assistance after March 2004 through their respective agreements with SFC. The \$4 million unencumbered and unspent balance under the Disability Access Program was transferred to CFAP.

Extreme environmental contamination of school facilities

H.B. 95 allowed SFC to continue to provide assistance under ENP to any district, regardless of wealth, for the purpose of relocation or replacement of school facilities as a result of extreme environmental contamination. The Extreme Environmental Contamination Program is a sub-program of ENP created in H.B. 282 of the 123rd General Assembly. The program funds the replacement of buildings where extreme environmental contamination is present. So far, only the River Valley Local SD (Marion) has received assistance under this program.

Canton City School District

H.B. 95 allowed SFC to commit up to \$35 million to the Canton City SD (Stark) for construction of a facility designed for both secondary and post-secondary education instead of a high school as authorized under CFAP. This change did not affect the state or local shares of the school facilities project in that district.

**Amended Substitute House Bill 524 of the 124th General Assembly
Effective June 28, 2002****Spending of local and state shares under the Accelerated Urban Initiative**

S.B. 272 of the 123rd General Assembly created the Accelerated Urban Initiative to accelerate state assistance for Akron, Cincinnati, Cleveland, Columbus, Dayton, and Toledo under the Classroom Facilities Assistance Program (CFAP), in recognition of their large student populations and classroom facilities needs. (Canton and Youngstown, the other two major urban districts, had already been served under CFAP.) Prior to H.B. 524, all CFAP districts could spend their entire state share of the project cost before spending their local share. H.B. 524 changed the way the six major urban districts spend their facilities project funds. It required the six urban districts to spend their state and local shares simultaneously and in the same proportion to one another. For example, if the district project's state share is 60% and the local share is 40%, for every one dollar spent, 60 cents must come from the state and the other 40 cents must come from local funds. The six large urban districts may lose some interest income as a result of this change, since without it they could have spent all of their state funds first while local funds continued to collect interest.

Expedited Local Partnership Program

H.B. 524 adjusted how the state and local shares are calculated for certain Expedited Local Partnership Program (ELPP) districts affected by public utility tax changes. The 123rd General Assembly enacted legislation that reduced the assessment rates on certain public utility property valuations beginning in TY 2001. This resulted in a lower assessed property value for school districts. At that time, a school district's state share determination under ELPP was based on that district's five-year average adjusted valuation.

Under Am. Sub. H.B. 94 of the 124th General Assembly an ELPP district's state share was to be recalculated based on the district's three-year instead of five-year average adjusted valuation if the district experienced an annual decrease of 10% or more in its total assessed value due to the public utility tax changes. This provision gave eligible districts the benefit of increasing their state shares. H.B. 524 further changed the calculation by using a one-year instead of a three-year average adjusted valuation to recalculate an eligible district's state and local shares. It further increased an eligible district's state share since the lower property valuation was used in the calculation.

Only one district, Edison Local SD (Jefferson County) has benefited from the H.B. 524 provision. Its local share decreased from \$49.5 million, or about 86%, to \$38.6 million, or about 67%, of the total estimated project cost of \$57.6 million.

Big Eight Renovation Program

Am. Sub. S.B. 102 of the 122nd General Assembly created the Big Eight Renovation Program to provide state aid for the eight large urban school districts (Akron, Canton, Cincinnati, Cleveland, Columbus, Dayton, Toledo, and Youngstown) for major renovations and repairs of school facilities. A total of \$120 million was provided for the program. The funding was allocated on a per pupil basis among the Big Eight districts, which were required to provide a 100% match to their allocations. The Big Eight Renovation Program has been phased out as all Big Eight districts have now been served or are being served by CFAP.

H.B. 524 changed the Big Eight Renovation Program's matching requirement to allow an eligible district ranked in the 50th percentile or below to provide a local match equal to the district's local share percentage under CFAP in order to draw down the district's remaining allocation. For example, Cleveland was ranked in the 22nd percentile in FY 2004 and, therefore, only needed to provide a 22% instead of 100% local match to draw down its remaining allocation. Four of the Big Eight districts benefited from a lower local match requirement. SFC estimated that approximately \$11.9 million was saved in local funds for these four large urban districts: Akron - \$0.5 million, Cleveland - \$3.9 million, Dayton - \$1.1 million, and Toledo - \$6.4 million.

Private donations

H.B. 524 allowed for locally donated contributions from a private entity to be paid directly on behalf of a school district for state-assisted school facilities projects. The private entity, the district, and SFC must enter into an agreement stipulating several provisions. The agreement must include an audit, to be done by SFC, of the private entity's expenditures on the project and a specification of the maximum amount that may be credited towards the local share. SFC may only credit a total amount that does not exceed the lesser of the total amount specified in the written agreement or the actual cost for construction or renovation. The provision may result in a lower amount of local tax revenues that must be paid by the school district for its local share; however, no school district has received any locally donated contributions to date.

School facilities project debt

H.B. 524 allowed a school district whose portion of a state-assisted school facility project has a local share of at least \$100 million to incur net indebtedness of up to 2% of its tax valuation through the issuance of general obligation bonds without voter approval. Prior to this provision, school districts were limited to issuing an additional one-tenth of one percent of debt without a vote. School districts must have sufficient existing operating revenues to pay for the unvoted bonds. The Controlling Board must approve SFC's conditional approval of the project before the school district may issue the unvoted bonds, and all funds generated through the bond issuance must be deposited into the

school district's project construction fund before state money for the project is released. Since this provision became law, eight school districts have met the local share criteria: Toledo, Cleveland, Dayton, Akron, Columbus, Middletown, Cincinnati, and Parma. However, only Cincinnati has used the law and achieved an allowable debt of \$120 million in December of 2002.

Encumbrance of the state share

Prior to H.B. 850 of the 122nd General Assembly, the state encumbered its entire share for a state-assisted district-wide facilities project at one time even though the project might span several biennia. For any district project with a state share over \$40 million, H.B. 850 authorized the state to encumber funds over more than one biennium until the total of state assistance was reached. S.B. 272 of the 123rd General Assembly subsequently lowered the threshold from \$40 million to \$25 million. H.B. 524 eliminated the threshold and required SFC to determine the amount to be encumbered in each biennium based on the project's estimated construction schedule for any sized project. While this does not increase or reduce costs, it does free up state funds and allow the possibility of serving a few more districts each biennium.

The next ten priority list under CFAP

H.B. 524 required that, in every fiscal year, SFC determine the ten school districts next in line for acceptance into CFAP according to their percentile ranking in adjusted valuation per pupil. These districts have priority for funding over all other school districts, with certain exceptions, even if their percentile ranking changes in the future. Fixing the priority list in this manner might mean that some districts will have to wait longer to receive assistance under CFAP, but it does allow the ten districts to plan and prepare for their projects with greater certainty.

For FY 2005, the next ten school districts to be served are (county and FY 2004 rank in parentheses): Rolling Hills Local, (Guernsey - 156); Sandy Valley Local, (Stark - 159); Hillsboro City, (Highland - 160); Central Local, (Defiance - 161); West Liberty - Salem Local, (Champaign - 163); La Brae Local, (Trumbull - 165); Fairfield - Union Local, (Fairfield - 166); Bucyrus City, (Crawford - 168); Hicksville Ex Vill, (Defiance - 170); and Tri - Valley Local, (Muskingum - 171).

Bond issuance

Prior to H.B. 524, school districts only were authorized to issue bonds for CFAP for up to 23 years. H.B. 524 increased the allowable bond term to 30 years in conformity with the Uniform Public Securities Law. If school districts do choose to issue bonds for 30 years, they likely would pay lower annual payments for debt service, but higher total interest payments.

H.B. 524 also allowed school boards to combine a state-assisted facilities project bond ballot issue with certain other bond proposals and tax levy ballot measures, as long as those other ballot proposals would be for the purpose of either permanent improvement in general, operating revenue for the facilities acquired under the district's state-assisted project, or both. School districts may minimally reduce costs associated with ballot issues as they now can combine state-assisted facilities project bond issues and certain other tax levies in one ballot resolution.

Amended Substitute House Bill 394 of the 124th General Assembly Effective August 1, 2002

Moment of silence

H.B. 394 permitted districts to provide for a moment of silence each school day for prayer, reflection, or meditation upon a moral, philosophical, or patriotic theme. Districts are prohibited from requiring a pupil to participate and from promoting an establishment of religion. The act also provides that districts shall not prohibit pupils from the free, individual, and voluntary exercise or expression of the pupil's religious beliefs in the schools, although the district may limit these expressions to noninstructional time periods.

Substitute House Bill 75 of the 125th General Assembly Effective December 9, 2003

Diplomas for Korean War veterans

H.B. 75 permitted districts to issue high school diplomas to veterans of the Korean Conflict who left school to serve in the armed forces of the United States. Ohio law has permitted districts to do the same for veterans of World War II since 2001.

Amended Substitute House Bill 407 of the 124th General Assembly Effective October 11, 2002

Driver education courses

H.B. 407 transferred jurisdiction over driver education courses conducted by school districts and educational services centers from ODE to the Department of Public Safety. After December 31, 2003, these courses must also meet the same standards as the courses offered by private schools, do not qualify for high school credit, and must include information on anatomical gifts. School districts are not required to provide driver education courses. According to the Department of Public Safety, about 35 districts offered the courses in 2004.

**Substitute Senate Bill 47 of the 125th General Assembly
Effective June 12, 2003**

Tax extension for active duty National Guard members and reservists

S.B. 47 permitted National Guard members or armed forces reservists who have been called to active duty to extend the time within which taxes and assessments charged against real property or mobile or manufactured homes must be paid. These extensions would not decrease property tax revenue, but may delay certain payments. A small reduction in income may be incurred by districts due to a loss of interest income that may have been earned from the tax payments that are deferred by active duty military during the extension period. As of September 2004, there are approximately 5,900 active National Guard members and reservists from Ohio.

**Substitute House Bill 129 of the 124th General Assembly
Effective June 3, 2002**

School District Property Tax Replacement Fund

H.B. 129 changed the distribution of the electricity and natural gas consumption taxes (the kilowatt-hour and MCF taxes) to give the Local Government Property Tax Replacement Fund a larger share of available funds compared to the School District Property Tax Replacement Fund. Am. Sub. S.B. 3 and Am. Sub. S.B. 287 of the 123rd General Assembly reduced assessment rates on electric company and natural gas property and set up these two funds in order to compensate school districts and local governments for property tax losses due to the assessment rate changes. H.B. 129 corrected the distribution formula to more accurately reflect the relative property tax losses of school districts and local governments. The money deposited in the School District Property Tax Replacement Fund is still sufficient to cover the calculated replacement costs for school districts. Although technically the bill may eventually result in less replacement revenue for school districts by lowering the amount in the fund, as the bill conformed to the intent of the originating legislation and merely updated an estimate made at the time with actual data, the bill is deemed to have little to no cost for school districts.

**Amended Substitute House Bill 402 of the 124th General Assembly
Effective August 28, 2002**

Age and schooling certificates

H.B. 402 made changes to the law governing the issuance of age and schooling certificates. These certificates are issued by school district superintendents and are required to be presented to employers of employees who are under 18 years of age who have not received a high school diploma. The changes do not have a fiscal impact on school districts. They include such things as requiring electronic filing of the certificates

with the Director of Commerce and shifting the responsibility for issuing the certificates for community school and nonpublic school students to the nonpublic or community school the students attend and away from the school district in which they live.

**Amended Substitute Senate Bill 187 of the 124th General Assembly
Effective September 20, 2002**

School board member compensation

S.B. 187 modified permissible compensation for school board members. Because such compensation is voluntary, the modifications do not create mandated costs. Under continuing law, the board of education of a city, local, exempted village, or joint vocational school district or the governing board of an educational service center may adopt a resolution to provide compensation for its members. Formerly, that compensation could not exceed \$80 for each meeting a member attends. S.B. 187 increased the maximum compensation to \$125. In addition, the bill allowed boards of education to provide compensation for member participation in training sessions. Members may receive \$60 for each training session less than three hours, and \$125 per day for training sessions that are longer than three hours.

**SECTION III:
RULES ADOPTED BY THE STATE BOARD OF EDUCATION**

**Rules 3301-13-01 through 3301-13-11
Effective August 22, 2002**

These rules concern the state testing system. The State Board amended them in order to reflect statutory changes to the system made by Am. Sub. S.B. 1 of the 124th General Assembly. These changes include the movement from proficiency tests to achievement tests, the introduction of the Ohio graduation tests, the development of diagnostic assessments, changes in the requirements for testing limited-English proficient and special education students, the establishment of the third-grade reading guarantee, and other provisions included in S.B. 1. The rules detail the tests that each district must administer at each grade level as the proficiency tests are phased out and the achievement tests are phased in. Since these rules do not put additional requirements on school districts that are not already included in statute, they do not cause any additional costs for districts. It should also be noted that some of the provisions of these rules are superseded by changes made in Am. Sub. H.B. 3 of the 125th General Assembly.

**Rule 3301-24-02
Effective June 15, 2003**

This rule concerns mandatory school district programs for entry-year teachers and principals. The State Board amended the rule for entry-year teachers to allow the administration of a performance-based assessment in the first or second year of teaching rather than requiring it be administered in the initial entry year. In addition, the rule for entry-year principals is amended to remove the specific provisions regarding passage of a performance-based assessment in favor of a statement that the program and assessments shall be implemented based on guidelines established by ODE. These amendments in effect loosen the entry-year requirements and do not cause additional costs for districts.

**Rule 3301-24-05
Effective May 12, 2003**

This rule concerns teacher licensure. The State Board amended the rule to allow for an endorsement as a middle childhood generalist to be added to a middle childhood license. This endorsement is valid for teaching all core academic content areas in grades four, five, and six. Teacher licensure rules do not have a direct fiscal effect on school districts, although this rule change could make it easier for districts to find teachers to teach in these grades.

**Rules 3301-42-01, 3301-43-01 through 3301-43-06
Effective May 12, 2003**

These rules concern adult high school continuation programs. The State Board amended the rules to update them and conform them to statutory changes, most notably Am. Sub. S.B. 1 of the 124th General Assembly, which changed the requirement for obtaining a high school diploma from obtaining a proficient score on the ninth grade proficiency tests to obtaining a proficient score on the tenth grade Ohio graduation tests. As the amendments to these rules reflect requirements that are already in statute, they do not create additional costs for school districts.

**Rules 3301-51-01 through 3301-51-09, and 3301-51-11
Effective July 1, 2002**

These rules comprise Ohio's operating standards for serving children with disabilities. The State Board rescinded the old rules and adopted these new rules in order to comply with the 1997 amendments made to the federal Individuals with Disabilities Act (IDEA). In particular, these rules detail requirements pertaining to a free appropriate education for all children with disabilities, the identification of children who have a disability, the confidentiality of student records, procedural safeguards, procedures for conducting an evaluation of a child suspected of having a disability, procedures regarding an Individualized Education Plan for a student with a disability, due process, service delivery requirements for personnel serving children with disabilities, and preschool special education funding. School districts have been in the process of implementing the requirements of the 1997 IDEA amendments since they became effective in June of 1997. The adoption of these rules, therefore, did not increase costs for school districts.

**Rules 3301-61-07, 3301-61-10, and 3301-61-14
Effective May 12, 2003**

These rules concern career-technical education and, in particular, the career-technical education construction and equipment loan fund. The State Board amended these rules in order to conform them to current law. The changes made are essentially technical, such as changing "vocational" to "career-technical," and do not result in additional costs to school districts.

**Rule 3301-61-17
Effective March 24, 2003**

This rule concerns emergency service telecommunicator training. This training may be conducted by career-technical education centers. A state task force is responsible for developing the curriculum and implementing the program. The program is funded

through the emergency service telecommunicator-training fund and does not require expenditures by districts.

Rule 3301-92-04
Effective July 1, 2002

This rule concerns the reporting of a district's five-year projection of revenues and expenditures. The State Board amended the rule to change the annual deadline for submission of the projection from December 31st to October 31st. In addition, between April 1st and May 31st each district is now required to submit an update to the projection, whereas, the old rule required that only districts experiencing a 5% deviation from their original projections needed to submit an update. These changes may result in some administrative costs for districts, but these are likely to be minimal. Although submission of an update is a new requirement for many districts, all districts were presumably required to perform an update in order to ascertain if they met the 5% deviation threshold.

Rules 3301-102-01 through 3301-102-07
Effective July 7, 2003

These new rules were adopted pursuant to Am. Sub. H.B. 364 of the 124th General Assembly, which is covered in Section 2 of this report. These rules concern sponsorship of community schools. The rules detail the information a prospective sponsor must include as part of its application to ODE for sponsorship, the reporting requirements for sponsors once they receive approval, the process by which community schools receive payments and adjustments of state foundation aid, and the process by which the State Board of Education may revoke a sponsor's sponsorship authority. These new requirements likely will result in increased administrative costs for sponsors of community schools. School districts and joint vocational school districts will incur these costs if they decide to sponsor a community school. Since sponsoring a community school is voluntary, these rules do not represent mandated costs for districts.

Rules 3301-103-01 through 3301-103-08
Effective January 8, 2004

These new rules were adopted pursuant to Am. Sub. H.B. 95 of the 125th General Assembly. These rules concern the implementation of the Autism Scholarship Program, which is discussed in more detail in Section 1 of this report. The rules detail the application process for participation in the program, standards and eligibility for registered private providers, and payment procedures for those involved in the program. School districts may incur minor costs associated with the copying and sending of records of scholarship students to the provider of the services.

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