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H.B. 407
(1_135_3070-3)
135th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 407's Bill Analysis](#)

Version: In House Primary and Secondary Education

Primary Sponsors: Reps. Manning and Seitz

Local Impact Statement Procedure Required: No

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Highlights

- The bill requires the Department of Education and Workforce (DEW) to develop a state report card for chartered nonpublic schools in consultation with the Advisory Committee on Chartered Nonpublic Schools. The state report card for chartered nonpublic schools must be as similar as practicable to the state report card for public schools.
- Most of the academic performance measures on the state report card for public schools are based on state test results. However, most scholarship students take alternative tests authorized under current law, an option the bill retains. According to DEW, alternative tests cannot be used in place of state tests under the current report card system. Therefore, it is unclear how DEW will be able to implement a report card for chartered nonpublic schools if alternative tests remain in place.

Detailed Analysis

Bill overview

The bill establishes new reporting requirements and other accountability measures for chartered nonpublic schools. Specifically, the bill requires the Department of Education and Workforce (DEW) to establish a report card system for chartered nonpublic schools and a publicly accessible system for comparing the performance data of scholarship students enrolled in a chartered nonpublic school with that of similar students enrolled in public schools. DEW must also report data on scholarship participants disaggregated by income level and certain detailed data on chartered nonpublic school enrollment. Further, the bill makes changes to disciplinary recordkeeping requirements.

State performance reporting

Report cards

Current law requires DEW to operate a report card system for disseminating data on the performance of public schools, including traditional school districts, community schools, and science, technology, engineering, and mathematics (STEM) schools. The bill requires DEW, in consultation with the Advisory Committee on Chartered Nonpublic Schools established in administrative rule, to establish a similar report card for chartered nonpublic schools. Under the bill, this report card must be as similar as practicable as the report card for public schools. DEW's online directory system lists 745 chartered nonpublic schools currently in operation.

For reference, the current report card for public schools rates performance with respect to state test proficiency levels, progress compared to expected academic growth (the "value-added progress dimension"), closing achievement gaps, graduation rates, reading improvement and proficiency for students in grades K-3, and other metrics. Notably, the achievement, gap closing, progress, and early literacy components of state report cards all rely on data from Ohio's state tests. DEW uses testing and other data that public schools submit in the Education Management Information System (EMIS) to generate report cards. EMIS is DEW's primary system for collecting student, staff, course, program, financial, and accountability system data from public schools. Public schools may review their report card data in EMIS and submit corrections if necessary before the report cards are finalized.

Current law generally requires each chartered nonpublic school that participates in a state scholarship program to administer the state elementary assessments or approved alternative assessments to its scholarship students. However, chartered nonpublic schools do not report data through EMIS. According to DEW, under the current system, the testing vendor provides the data for scholarship students directly to the Department and chartered nonpublic schools do not have the option to review and correct data.

Public comparison system and additional reporting

The bill requires DEW to create a system for publicly comparing the performance of scholarship students to those in public schools. Specifically, the bill requires DEW to establish a publicly available system on its website for comparing the performance of scholarship students enrolled in a chartered nonpublic school with that of similar students in the school district where the school is located, or a community, STEM, or other chartered nonpublic school in the same district. The comparison must consider age, grade, race and ethnicity, gender, and socioeconomic status.

The bill also requires DEW to post on its website the number of scholarship students disaggregated by income level; specifically, those whose family adjusted gross income (AGI) is at or below 450% of the federal poverty level (FPL), the number in each 50 percentage point FPL band above 450% FPL and at or below 750% FPL (e.g., above 450% and at or below 500%; above 500% and at or below 550%, etc.), and the number above 750% FPL. The bill requires DEW to request any data necessary for the income reporting requirement from the Department of Taxation.

Further, the bill requires DEW to post on its website a number of data items for each chartered nonpublic school. These include the school's total enrollment; the number of enrolled scholarship students disaggregated by the type of school they were enrolled in, or whether they

were educated at home or were not enrolled in school in Ohio, during the prior year; and the total amount of state support the school received through state scholarship programs, auxiliary services payments, and administrative cost reimbursements. DEW already collects or generally has access to this data, and the bill does not require any additional reporting of this information by nonpublic schools.

Fiscal effects

As noted above, current law generally requires each chartered nonpublic school that participates in a state scholarship program to administer the state elementary assessments or approved alternative assessments to its scholarship students. A school must administer the elementary assessments to all of its students if 65% or more of its students are attending with a state scholarship, but the parent or guardian of a nonscholarship student may opt the student out of an assessment. A chartered nonpublic school generally must administer to its high school students each required end-of-course examination or an approved alternative assessment. In the case of a school accredited by the Independent Schools Association of the Central States (ISACS), only state scholarship students are required to take the end-of-course examinations or alternative assessments.

Currently, DEW only collects data on alternative assessments taken by nonpublic school students receiving a state scholarship. Most scholarship students take an alternative assessment. In FY 2023, between roughly 55% and 60% of EdChoice and Cleveland scholarship students in grades 3-8 took an alternative assessment, depending on the scholarship they received, while between 80% and 85% of EdChoice and Cleveland scholarship students in high school took an alternative assessment. The rates for JPSN scholarship students are somewhat lower, at 50% for grades 3-8 and 72% for grades 9-12 (Autism scholarship students are not required to take state tests). The bill continues to permit chartered nonpublic students to take alternative assessments instead of the state tests. According to DEW, alternative assessments cannot be used in place of state tests under the current report card system. Therefore, it is unclear how DEW will be able to implement a chartered nonpublic school report card that is similar to the report cards for public schools.

H.B. 33 of the 135th General Assembly, the main operating budget act for the FY 2024-FY 2025 biennium, appropriates \$7.3 million in FY 2025 for DEW's accountability and report card programs in GRF line item 200439, Accountability/Report Cards. These funds cover the development and distribution of school report cards, payments to the vendors for the production of value-added reports and the teacher-student linkage and roster verification process, funding and expenditure accountability reports, and other performance management activities and training for educators. Additional GRF appropriations are used to support data collection, including GRF line item 200446, Education Management Information System.

Other factors

Certain factors may mitigate any new costs to some degree. For example, while the state report card for public schools includes a value-added progress dimension that measures academic growth for students in grades 4-8 and high school, a continuing law provision enacted in H.B. 33 requires DEW to develop a new student growth measure for EdChoice students enrolled in grades 4-8 in chartered nonpublic schools by the end of FY 2025. Presumably, under the bill, DEW will provide the new student growth measure as part of the required report cards for nonpublic schools.

Existing platforms such as DEW’s public-facing reports portal¹ may provide an appropriate venue for the comparison system and additional data reporting required by the bill, depending on the formatting and functionality required to provide comparisons of the bill’s prescribed demographic and educational comparison groups. For example, DEW currently posts a Scholarship Assessment Report that allows users to access proficiency rates of scholarship students on each state assessment by scholarship program and resident district, including further breakdowns by grade, race and ethnicity, gender, and years in the program.² However, the bill requires certain data not currently included in the existing reports, including consideration of socioeconomic status and comparisons between a particular chartered nonpublic school and the district in which it is located.

Student disciplinary records

The bill requires traditional school districts, community and STEM schools, college-preparatory boarding schools, and chartered nonpublic schools to maintain a disciplinary record for each student subject to a disciplinary action, subject to state and federal student privacy laws. The bill also expressly includes these records in continuing law that requires a district or school to transmit the records of a student who transfers to a new school within five days of receiving a request from the new school.

It is likely that most schools already maintain disciplinary records for most, if not all, students. Existing administrative rule requires schools to maintain and transmit the disciplinary records of students with disabilities in the same manner as those of students without disabilities (Ohio Administrative Code 3301-51-04). School districts and other public schools that do not already maintain disciplinary records for all students will incur administrative costs to do so.

Synopsis of Fiscal Effect Changes

- The substitute bill (I_135_3070-3) may increase state accountability system costs compared to the previous substitute bill (I_135_1522-3) by requiring the Department of Education and Workforce (DEW) to establish a report card for every chartered nonpublic school instead of chartered nonpublic schools for which at least 20% of enrollment consists of EdChoice and Cleveland scholarship students.
- The substitute bill may increase or decrease DEW’s administrative costs by (1) requiring DEW to report the total amount of state support received through state scholarship programs, auxiliary services, and nonpublic administrative cost reimbursement, but also (2) eliminating the previous bill’s requirements that it report on its website chartered nonpublic school capacity limits by grade level, school building, and education program and aggregate data concerning the family income of students who receive scholarships from a scholarship-granting organization.
- The substitute bill appears to eliminate the previous bill’s potential fiscal effects on state nonpublic administrative cost reimbursements by removing provisions of the previous bill

¹ Accessible at reports.education.ohio.gov.

² DEW Scholarship Assessment Report – State, accessible at reports.education.ohio.gov by navigating to “Nonpublic Data,” then “Scholarship,” then “Scholarship Assessment Report.”

that required certain chartered nonpublic schools to newly report to DEW admission procedures for cases of excess demand as well as certain enrollment, capacity, and scholarship student data.