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H.B. 117
135th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Passed by the House

Primary Sponsors: Reps. Manning and Robinson

Local Impact Statement Procedure Required: Yes

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Highlights

- School districts and other public schools may incur new costs, including for additional teachers, to expand reading intervention and remediation services to students in grades 4 and 5, and to students previously retained in the third grade under the Third Grade Reading Guarantee. The extent of any new costs will depend on the availability of existing resources to provide the services, the number of additional students in a district or building that need them, and implementation decisions made by districts and schools.
- Eliminating the fall third grade English language arts assessment will likely decrease Ohio Department of Education GRF expenditures by approximately \$2.1 million to \$2.2 million annually.
- There may be some long-term cost savings for the state, school districts, and other public schools due to lower enrollment resulting from the elimination of student retention under the Third Grade Reading Guarantee.

Detailed Analysis

Overview

The bill makes several changes related to reading instruction, intervention, and assessment. The bill eliminates retention under the Third Grade Reading Guarantee, expands the grade levels for which schools must provide reading intervention services and for which the State Board of Education must prescribe standards for phonics instruction, and eliminates one of the two annual administrations of the third grade English language arts assessment.

Third Grade Reading Guarantee

Under current law, students (except for those who meet certain requirements for an exemption) are retained in third grade if they do not attain a certain minimum promotion score on the third grade English language arts assessment. The bill eliminates this retention requirement starting with the 2023-2024 school year.

About 1% of nonexempt third graders, or 1,155 students, in Ohio public schools did not meet the promotion threshold under the Third Grade Reading Guarantee in the 2021-2022 school year, the most recent for which the Ohio Department of Education (ODE) has published data. This percentage is lower than in the years immediately prior to the COVID-19 pandemic, when about 5%, or over 5,700 students, did not meet the promotion threshold. This may be due in part to the promotion score remaining unchanged for the 2020-2021 and 2021-2022 school years in the wake of school closures stemming from the COVID-19 pandemic. In prior years, the State Board of Education had been progressively increasing the promotion score pursuant to current law requiring it to do so until the score reaches the proficient level of skill for the 2024-2025 school year. Also, the General Assembly generally exempted third grade students from retention under the Third Grade Reading Guarantee in the 2019-2020, 2020-2021, and 2021-2022 school years in the wake of the pandemic. However, the various acts that have provided the exemptions, in general, have permitted a student to be retained if the principal of the student's school and the student's reading teacher agree that the student is reading below grade level and not prepared to be promoted to fourth grade.

Remediation and intervention plans

The bill generally maintains existing requirements that public and chartered nonpublic schools offer intervention and remediation services to students reading below grade level. However, the bill expands the grade bands for which schools must provide reading intervention services from grades K-3 to K-5. Further, the bill requires public schools to offer reading improvement and monitoring plans for students in grades 4 and 5 who read below grade level, or for students who were previously retained in any of grades K-3 and received remediation services but who continue to read below grade level.

School districts and other public schools may incur new costs, including for additional teachers, to implement the reading intervention services for the additional grades required under the bill. The extent of any new costs will depend on the availability of existing staff and resources to implement these expanded reading interventions, the number of additional students in a district or building requiring intervention and remediation services, and implementation decisions made by districts and schools. The Buckeye Association of School Administrators (BASA) estimates the salary and benefits cost of each additional full-time equivalent (FTE) employee would be approximately \$90,000. There may also be additional costs for districts and schools to procure diagnostic or similar assessments to identify students in grades 4-5 reading below grade level. Under continuing law, ODE furnishes State Board-adopted diagnostic assessments in reading for students in grades K-3 at no cost to districts and schools. The bill does not require the State Board to adopt reading diagnostic assessments for students in grades 4-5.

Potential long-term savings

The bill's repeal of the retention requirement may lead to long-term savings for districts and schools and the state. This is due to students who would have been retained completing their schooling generally one year earlier than they would have under current law, which may slightly decrease enrollment over time. Any savings generally will not occur until the graduation of students in the last class retained under the requirement. This could be in either FY 2032 or FY 2033, depending on the interpretation of whether the bill affects third graders in the current 2022-2023 school year. The bill eliminates the retention requirement beginning with students who enter third grade in the 2023-2024 school year, but does not specify if this includes students who *re-enter* the third grade under the requirement as it exists under current law. That is, the bill is unclear as to whether students who would be retained in third grade at the end of the 2022-2023 school year under current law would repeat the third grade in the 2023-2024 school year, or if they would be allowed to advance to the fourth grade.

Elimination of fall third grade English language arts assessment

Under current law, school districts and other public schools administer the third grade English language arts (ELA) assessment twice per year, once in the fall and once in the spring. The bill requires just one administration of the assessment beginning with the 2023-2024 school year. While the bill does not specify which of the two tests must be eliminated, ODE would continue to require a year-end assessment in the spring and eliminate the fall assessment. According to ODE, elimination of the fall assessment will likely decrease state GRF expenditures by approximately \$2.1 million to \$2.2 million annually, based on current contract amounts.

Phonics instruction

The bill expands from grades K-3 to grades K-5 the grades for which the State Board of Education must prescribe standards for the teaching of phonics. The bill commensurately expands the grade bands for which the State Board must provide in-service training programs for teachers on the use of phonics as a technique in the teaching of reading. These provisions appear to have minimal or no fiscal effect. The State Board's Learning Standards, adopted in 2017, set competency standards for skills in using phonics from grades K-5.¹ In addition, current rules require the State Board to provide in-service training programs for teachers on the use of systematic phonics as a technique in the teaching of reading in grades K-3, and for older readers identified with reading difficulties.²

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¹ [Ohio's Learning Standards](#) adopted February 2017, also accessible on the Ohio Department of Education's website: education.ohio.gov.

² [Ohio Administrative Code 3301-33-01\(E\)](#).