

House Bill 2- Final Analysis

Trint Hatt

Topic	House Bill 2 - Final
Limitation on switching sponsors	<p>Prohibits all poorly performing schools from switching sponsors regardless of whether they have had more than one sponsor in the previous five years, unless all of the following conditions are met:</p> <ul style="list-style-type: none"> (1) The proposed sponsor, including Office of Ohio School Sponsorship, is rated “effective” or higher on its most recent evaluation. (2) The community school submits a request to enter into a new contract with ODE. (3) The community school has not submitted a prior request that was granted. (4) Specifies that the Department grant the request pursuant to the following process: <ul style="list-style-type: none"> (a) The community school submits a request to change sponsors no later than February 15 of the year in which the school wishes to change sponsors. (b) The Department grants or denies the request within 30 days of receipt. (c) If the Department denies the request, the community school may appeal to the State Board of Education (SBOE), but must file the notice to appeal no later than 10 days after receiving the denial from the Department. (d) SBOE must hold a hearing in accordance with Chapter 119 (public hearing) not later than 30 days after receiving the schools notice of appeal. SBOE must act upon the determination of the hearing officer no later than June 25 of the year in which the school wishes to change sponsors. <p>Factors to be considered during an appeal hearing include:</p> <ul style="list-style-type: none"> (1) <i>Schools impact on the student and communities it serves,</i> (2) <i>Academic and administrative support the school receives from its current sponsor,</i> (3) <i>Sponsor’s annual evaluations of the school for the previous three years,</i> (4) <i>Academic performance of the school, accounting for student demographic information,</i> (5) <i>Academic performance of alternative schools that serve comparable populations of students,</i> (6) <i>Fiscal stability of the schools,</i> (7) <i>Results of any of the schools audits by the Auditor of State,</i> (8) <i>Length of time the school has been under oversight of its current sponsor,</i> (9) <i>Number of times the school has changed sponsors,</i> (10) <i>Parent and student satisfaction rates</i>
Sponsor and governing authority contract	<p>Each contract between a sponsor and a governing authority must contain performance standards, including all applicable report card measures.</p> <p>Requires that each contract contain an addendum with:</p>

House Bill 2- Final Analysis

Trint Hatt

	<p>(1) A detailed description of each facility,</p> <p>(2) The annual costs associated with leasing each facility that are paid by or on behalf of the school,</p> <p>(3) Annual mortgage principal and interest payments that are paid by the school,</p> <p>(4) The name of the lender or landlord identified as such,</p> <p>(5) The lender's or landlord's relationship to the operator, if any.</p> <p>Requires that the contract contain a provision requiring that the school's attendance and participation policies be available to the Department, Auditor of State, the school's sponsor, and only as permitted under FERPA law.</p> <p>Requires each contract contain a provision requiring all moneys that school's operator loans to the school must be accounted for, and bear interest at a fair market rate.</p>
Governing Authority Members	<p>Prohibit an employee of a school district or educational service center (ESC) from serving on the governing authority of any community school sponsored by the district or ESC.</p> <p>Prohibits a community school governing authority member from being a member of a school district board of education, and prohibits a district board member from being a governing authority member.</p> <p>Prohibits any person who would otherwise be subject to continuing law with respect to refusal, limitation, or revocation of a license to teach, if the person were a licensed educator, from serving as a member of a community school governing authority.</p> <p>Prohibits any person who has pleaded guilty to or been convicted of theft in office from serving as a member of a community school governing authority.</p> <p>Prohibits any person who has not submitted to a criminal records check from serving on the governing authority or engaging in the financial day-to-day management of the community school under contract with the governing authority.</p> <p>Requires each member of a governing authority to annually file a disclosure statement setting forth the names of any immediate relatives or business associates employed by any of the following within the previous three years:</p> <p>(1) The sponsor or operator of that community schools,</p> <p>(2) A school district or ESC that has contracted with that community school,</p> <p>(3) A vendor that is or has engaged in business with that community school.</p> <p>Requires each community school to post on the school's website the name of each member of the school's governing authority.</p> <p>Requires each community school to provide, upon request, the name and address of each governing authority member to the schools sponsor and ODE.</p> <p>Limits compensation for governing authority members and governing authority members of conversion schools to \$125 per meeting, but permits each member to be paid compensation not to exceed \$60 a day for attendance at an approved training program of three or fewer hours and \$125 for more than three hours. Maintains current law of limiting members to \$5,000 annually.</p>

House Bill 2- Final Analysis

Trint Hatt

	<p>Beginning in the 2016-2017 school year, the governing authority must adopt an annual budget by October 31 that includes the following information:</p> <ol style="list-style-type: none">(1) Administrative costs for the community school as a whole(2) Instructional service costs for each category of service provided directly to students, compiled and reported in terms of average expenditure per pupil receiving the service(3) Cost of instructional support services, such as services provided by a speech-language pathologist, classroom aide, multimedia aide, or librarian, provided directly to students,(4) Cost of administrative support services, such as the cost of personnel to develop the curriculum and the cost of personnel supervising or coordinating the delivery of the instructional services,(5) Cost of support or extracurricular services costs for services directly provided to students,(6) Cost of services provided directly to students by a non-licensed employee related to support or extracurricular services, such as janitorial, cafeteria services, or services of a sports trainer,(7) Cost of administrative services related to support or extracurricular services, such as the cost of any licensed or unlicensed employees that develop, supervise, coordinate, or otherwise are involved in administering or aiding delivery of services. <p>***The Department must develop a format for annual budgets of community schools, which must require inclusion of the seven types of costs prescribed above***</p> <p>Specifies that the governing authority is the sole entity responsible for the adoption of the budget, but the governing authority must adopt the budget with the assistance of the schools designated fiscal officer.</p>
Designated Fiscal Officer	<p>Requires the statutorily designated fiscal officer must be employed by the governing authority of the community school, unless the governing authority adopts an annual resolution waiving that requirement and provided that the sponsor also approves the resolution.</p> <p>If a resolution is adopted, the fiscal officer must annually meet with the governing authority to reviews the schools financial status.</p> <p>If a community school closes or is permanently closed, the school's fiscal officer must deliver all financial and enrollment records to the school's sponsor within 30 days of the schools closure. If the fiscal officer fails to provide records in a timely manner, the bill grants the sponsor the right of action against the fiscal officer to compel delivery of all financial and enrollment records of the school.</p> <p>Requires the Auditor of State to require the fiscal officer to execute a bond conditioned on the faithful performance of all official duties required of the fiscal officer.</p>
Employment of independent attorney	<p>Requires the governing authority of a community school to employ an attorney, who must be independent from the school's sponsor or operator, for any services related to the negotiation of the school's contract with the sponsor or operator.</p> <p>Each contract between the sponsor and governing authority must contain a provision requiring that, if the governing contracts with an attorney, accountant, or entity specializing in audits, the attorney, accountant, or entity shall be independent from the operator with which the school has contracted.</p>

House Bill 2- Final Analysis

Trint Hatt

Internal financial controls	When a community school submits to the sponsor its comprehensive plan for the school, as required by law, the school must also submit copies of all policies and procedures regarding internal financial controls adopted by the governing authority of the school.
Training on Public Records and Open Meetings Laws	Requires governing authority members, schools designated fiscal officer, chief administrative officer, and other administrative employees of the schools, and all individuals performing supervisory or administrative services for the school under a contract with the school's operator to complete annual training on the Public Records and Open Meetings Law.
Sponsor oversight and monitoring	<p>Requires each sponsor to annually report the amount and type of expenditure made in providing oversight and technical assistance:</p> <ol style="list-style-type: none"> (1) Each sponsor must submit the report to ODE by August 15 of each year, beginning with the 2016-2017 school year, (2) Each sponsor must also submit the report to the governing authority, rather than the operator of the school, (3) ODE rather than the SBOE must establish requirements for the report procedure, (4) The following types of expenditures must be included in the report; <ol style="list-style-type: none"> (a) <i>employee salaries, wages, benefits, and other compensation</i> (b) <i>all purchased or contracted services,</i> (c) <i>materials and supplies,</i> (d) <i>equipment, furniture, and fixtures,</i> (e) <i>facilities, and other expenditures.</i> (5) For purposes of ODE's evaluation system for sponsors, requires the report to be used as a factor when evaluating a sponsor's compliance with all applicable laws and administrative rules, and permits it to be used when evaluating a sponsor's adherence to quality practices. <p>Specifies that a sponsor must provide monitoring, oversight, and technical assistance to each school it sponsors and includes the following definition of those:</p> <ol style="list-style-type: none"> (1) monitoring the community school's compliance with all laws applicable to the school and with the terms of the contract, (2) monitoring and evaluating the academic and fiscal performance and the organization and operation of the community school on at least an annual basis and be based on requirements in the sponsor contract, state report card results, and other analysis by the department, (3) reporting on an annual basis the results of the sponsor evaluation to the Department of Education and to the parents of students enrolled in the community school, (4) providing technical assistance to the community school in complying with laws applicable to the school and terms of the contract, (5) taking steps to intervene in the schools operation to correct problems in the school's overall performance, declaring the school to be on probationary status, suspending the operation of the school, or terminating the contract of the school as determined necessary by the sponsor, (6) having in place a plan of action to be undertaken in the event the community school experiences financial difficulties or closes prior to the end of a school year, and other activities designed to specifically benefit the community school the entity sponsors. <p>Requires that copies of financial and enrollment records be furnished on a monthly basis to the sponsor, members of the governing authority, and the designated fiscal officer</p> <p>Requires the sponsor to communicate with the Auditor of State regarding audits and the condition of financial and enrollment</p>

House Bill 2- Final Analysis

Trint Hatt

	records of the school, requires the sponsor to maintain a presence at any and all meetings with the Auditor and requires the Auditor to provide written notice to the sponsor regarding any action taken against or upcoming audits of a community school to assist the sponsor in complying with these requirements.
E-Schools	<p>Requires the sponsor of each E-school to monitor and ensure compliance with the iNACOL standards. Also requires the sponsor to generally report compliance to the Department of Education.</p> <p>Permits each e-school to provide its students with a location within a 50-mile radius of the student's residence at which he student may receive counseling, instructional coaching, and testing assistance.</p> <p>Requires each e-school to keep an accurate record of each individual student's participation in learning opportunities each day. The information must be kept in such a manner that it can be produced upon request by ODE and the Auditor of State.</p> <p>Under continuing law, if an e-school student participates in more than ten hours of learning opportunities in any period of 24 consecutive hours, the additional time does not count toward the annual minimum hours required to be provided to that student.</p> <p>Requires each e-school to offer a student orientation course, and to notify each student of that offering.</p> <p>Requires the Department to provide guidance to e-schools for developing and delivering the orientation course.</p> <p>Requires each e-school, on a periodic basis throughout each school year, to communicate with each student's parent guardian, or custodian regarding the performance and progress of that student.</p> <p>Requires each e-school to provide opportunities for parent-teacher conferences, to document the school's request for conferences, permits the school to permit the students to participate in the conference, and permits those conferences to be conducted through electronic means.</p> <p>Permits each e-school, at the time of a particular student's enrollment in that school, to ask the students parent or guardian to estimate the length of time the student will attend the school, and requires this information to be included in an aggregate format in the school's annual report.</p>
Blended learning	<p>Requires the sponsor of each community school that operates using a blended learning method to annually provide to ODE, no later than 10 business days prior to the opening of the school, assurance that the sponsor has reviewed the following information provided by the school:</p> <ol style="list-style-type: none"> (1) an indication of what blended learning model or models will be used, (2) a description of how student instructional needs will be determined and documented, (3) the method to be used for determining competency, granting credit, and promoting students to a higher grade level, (4) the school attendance requirements, including how the school will document participation in learning opportunities, (5) a statement describing how student progress will be monitored, (6) a statement describing how private student data will be protected, (7) a description of the professional development activities that will be offered to teachers. <p>Requires each contract between sponsor and governing authority that operates using the blended learning method to contain the</p>

House Bill 2- Final Analysis

Trint Hatt

	information described above.
Selling services or good by a sponsor	Prohibits the sponsor of a community school from selling any goods or services to that school. Permits a school district and state university that sponsors a community school to sell goods or services to that school at no profit.
Termination of sponsor contract	<p>Creates a deadline of January 15 in the year in which the sponsor intends to terminate or take action to not renew a contract.</p> <p>Removes a current law provision for appeal to the State Board of a sponsor's decision to terminate a school's contract.</p> <p>Specifies that nothing in the automatic closure provisions or other provisions of the Ohio Revised Code (ORC) prohibits the sponsor of a community school from exercising its option to not renew a contract for any reason or from terminating a contract prior to its expiration for any reason permitted under continuing law.</p>
Sponsor evaluation system (SPR)	<p>Restores to current law the components rated under the evaluation system so that the following components are annually rated and receive an overall rating:</p> <ol style="list-style-type: none"> (1) Academic performance of students enrolled in community school sponsored by the same entity; (2) Adherence by a sponsor to the quality practices prescribed by ODE; (3) Compliance by a sponsor with all applicable laws and administrative rules. <p>Authorizes ODE, for a sponsor that was rated "exemplary" or "effective" on its most recent rating, to evaluate that sponsor's adherence to quality practices once over a period of three years, and if that authority is exercised, the most recent rating for a sponsor's adherence to quality practices must be used when determining an annual overall rating.</p> <p>Specifies that the academic performance component must be derived from the performance measures that comprise the state report card and must be based on the performance of the schools for the school year for which the evaluation is conducted. Also specifies that, in addition to performance for a specific year, this component also includes year-to-year changes in the "overall sponsor portfolio".</p> <p>Establishes a new rating of "poor".</p> <p>Requires ODE, if a community school does not have graded report card performance measures, to use non-report card performance measures specified in the contract between the school and sponsor to determine the student academic performance component.</p> <p>Maintains a current law prohibition on the academic performance of community schools that primarily serve students with disabilities from being used as a factor when determining a sponsor's rating, but also requires such performance to be reported under the evaluation system.</p> <p>Removes the requirement that each individual component rating be given "according to the established timeline", restores to current law the provision requiring each component to be weighted equally, and requires that each separate component rating be given by ODE.</p> <p>Removes the provision permitting first-time sponsors to be assigned an overall rating of "emerging" for only the first two consecutive years of sponsorship.</p>

House Bill 2- Final Analysis

Trint Hatt

	<p>Requires ODE to provide training on an annual basis regarding the SPR, which shall describe methodology, timelines, and data of the system. The first training system must occur not later than 30 days after the effective date of this bill.</p> <p>Limits the peer reviewers that are authorized under continuing law to review a sponsor's adherence to quality practices to individuals employed by sponsors that were rated "exemplary" or "effective" on their most recent rating.</p> <p>Authorizes ODE, for the 2015-2016 school year only to choose not to assign an overall rating to a sponsor that meets all of the following conditions:</p> <ul style="list-style-type: none">(1) The sponsor is a school district,(2) At least one of the community schools under the authority of the sponsor received on its 2013-2014 school year report card a rating of "meets standards" or "exceeds standards" for the four and five year cohort graduation rate.(3) At least one of the community schools under the authority of the sponsor is a conversion school that primarily serves students enrolled in a dropout prevention and recovery program. <p>Requires ODE, if it chooses not to assign an overall rating for a sponsor described above, to instead evaluate the sponsor using only the student academic performance component and the compliance with applicable laws and rules, but it may not assign an overall rating based on those two components.</p>
Incentives for sponsors	<p>Permits sponsors who have been rated "exemplary" for two consecutive years to take advantage of the following incentives:</p> <ul style="list-style-type: none">(1) The ability to extend the term of the contract between the sponsor and the governing authority beyond the term described in the written agreement the sponsor has with the Department,(2) An exemption from the preliminary agreement and contract adoption and execution deadline requirements,(3) An exemption from the automatic contract expiration requirement, should a new community school fail to open by September 30 of the calendar year in which the community school contract is executed,(4) No limit on the number of community schools the entity may sponsor,(5) No territorial restrictions on sponsorship,(6) Renewal of the agreement with ODE, not to exceed 10 years, provided the sponsor consents to continued evaluation of the adherence to quality practices component. <p>Authorizes the renewal of a sponsor's written agreement with ODE, not to exceed 10 years, based on the academic performance of students enrolled in each community school sponsored by the entity and the sponsor's adherence to quality practices, as determined by ODE under the SPR.</p> <p>Permits a sponsor that was rated "exemplary" for at least two consecutive years and that exercises specified incentives to continue to exercise those specified incentives even if the sponsor later receives a lower overall rating.</p>
Restrictions for sponsors	<p>Prohibits a sponsor with an overall rating of "ineffective" from sponsoring any new or additional community schools during the time in which the sponsor is rated "ineffective" and subjects such a sponsor to a quality improvement plan instead of a "one-year" quality improvement plan.</p> <p>Revokes the sponsorship authority of a sponsor that receives an overall rating of "ineffective" for three consecutive years, subject to</p>

House Bill 2- Final Analysis

Trint Hatt

	<p>an appeals hearing that is conducted by an officer appointed by the Superintendent of Public Instruction and decided by the State Board under specified deadlines.</p> <p>Establishes a new sponsor rating of "poor" and requires the revocation of sponsorship authority for any sponsor that receives an overall rating of "poor," subject to an appeals hearing that is conducted by an officer appointed by the Superintendent of Public Instruction and decided by the State Board of Education.</p> <p>Requires the Office of School Sponsorship to assume sponsorship of any schools sponsored by a sponsor who was rated “poor” for the remainder of the school year and permits them to continue to sponsor these schools until the earlier of the expiration of two school years from revocation or, when a new sponsor is secured by the schools governing authority.</p> <p>Requires Officer of School Sponsorship to assume sponsorship of any school sponsored by a sponsor that was rated “ineffective” for three consecutive years.</p>
Community School Operators	<p>Requires that each new or renewed contract between the governing authority of a community school and an operator to contain at least the following:</p> <p>(1) criteria to be used for early termination of the operator contract,</p> <p>(2) required notification procedures and timeline for early termination or nonrenewal of the operator contract, and</p> <p>(3) a stipulation of which entity owns all community school facilities and property including, but not limited to, equipment, furniture, fixtures, instructional materials and supplies, computers, printers, and other digital devices purchased by the governing authority or operator. ***Must comply with requirement that personal property purchased with state funds is property of the school***</p> <p>Eliminates a prescribed appeal procedure when the governing authority of a community school has notified the operator of its intent to terminate or not renew the operator's contract.</p>
Operator performance	<p>Requires, beginning March 31, 2016, the Department of Education to maintain an accurate record of the names and identifying information of all entities that have entered into an operator contract with the governing authority of a community school and requires ODE to publish it on its website, requires the Department to receive from the governing authority of each community school a copy of the operator contract and post a copy on its website.</p> <p>Requires the Department, by November 15, 2016, to develop and publish an annual performance report for all operators of community schools in the state, each report must be published by November 15 each year, and specifies that the report of the performance is based on the performance of the community schools for the previous year and requires the report to be made available on the Department's website.</p> <p>Requires the Department to include the annual performance report in its annual report on the effectiveness of academic programs, operations, and legal compliance and of the financial condition of all community schools and on the performance of community school sponsors.</p>
Account of operator costs and services	<p>Requires a management company (or operator) that receives more than 20% of the gross annual revenues of a community school (rather than provides services to a community school that amounts to more than 20% of the gross annual revenues of the school) to provide a detailed accounting including the nature and costs of the goods and services it provides to the school. Under current law a management company that provides services that amounts to more than 20% must provide a detailed accounting that is included in</p>

House Bill 2- Final Analysis

Trint Hatt

	<p>the footnotes in the school's financial statement.</p> <p>Specifies that the accounting must be reported using the following categories, as applicable: (1) aggregate salaries and wages, (2) aggregate employee benefits, (3) professional and technical services, (4) property services, (5) utilities, (6) contracted craft or trade services, (7) tuition paid to other districts, (8) transportation, (9) other purchased services, (10) supplies, (11) land, (12) buildings, (13) improvements other than buildings, (14) equipment, (15) all other capital outlay, (16) principal, (17) interest, (18) judgments, (19) other direct and indirect costs.</p> <p>Specifies that the categories described above must be disaggregated according to the following designations, as applicable: (1) regular instruction, (2) special instruction, (3) vocational instruction, (4) other instruction, (5) support services, (6) non-instructional services.</p> <p>Specifies that the accounting information, during the regular audit of the school, is subject to verification through examination of community school records, rather than subject to audit as under current law.</p>
Community School Mergers and consolidations	Exempts a community school that merges or consolidates into a single public benefit corporation from the requirement to distribute assets as if it were a permanently closed community school, provided that the governing authority of the community school created by the merger or consolidation enters into a sponsor contract with an entity rated as "effective" or higher.
Community schools that primarily serve students w/ disabilities	Requires the State Board of Education to make recommendations by June 30, 2016 to the General Assembly and the Governor regarding performance standards for community schools in which a majority of the enrolled students are children with disabilities receiving special education and related services and the feasibility of eliminating the exemption from permanent closure for such schools.
Children's residential centers	Requires each community school to annually submit to the Department of Education and Auditor of State a report of each instance under which a student who is enrolled in that community school resides in a children's residential center.
State report card for DORP schools	Removes the House provision and, instead, prohibits the Department of Education from combining data from any conversion community school that a district sponsors if a majority of the students enrolled in the conversion community school are enrolled in a dropout prevention and recovery program that is operated by the school and requires the Department to include as an addendum to the district's report card the ratings of the 4-year graduation rate, percentage of 12 th grade students scoring proficient on high school state assessments, and annual measurable objectives.
Director authorization of community schools	<p>Permits the Department of Education to establish a format and deadlines for direct authorization applications.</p> <p>Eliminates automatic approval guidelines under current law and, instead, permits the Department to approve or deny an application for direct authorization taking into consideration standards for quality authorization, capacity requirements, financial constraints, and other necessary and appropriate criteria and must approve criteria within 60 days after the bills effective date.</p> <p>Requires the Department to annually publish on its website the criteria it uses to approve or deny an application submitted pursuant to this provision.</p> <p>Prohibits the Department from approving a direct authorization application for a community school proposed to be in an alliance</p>

House Bill 2- Final Analysis

Trint Hatt

Study on direct authorization and sponsor evaluations	<p>municipal school district (Cleveland) unless the Department (1) has determined that the applicant has requested and received a recommendation from the district's Transformation Alliance, and (2) uses all criteria otherwise required for direct authorization established under the bill.</p> <p>Eliminates the requirement for the Department of Education, by July 1, 2016, to submit and present to the House and the Senate Education committees both of the following: (1) a plan that proposes the expansion of the Department's authority to directly authorize community schools, and (2) recommendations for a ratings rubric for evaluating sponsors.</p>
ODE approval of all sponsors	<p>Requires that any educational service center (exempting grandfathered ESC's) that sponsors a community school must be approved by and enter into an agreement with the Department regarding the manner in which the entity will conduct its business.</p> <p>Requires a grandfathered sponsor to enter into a written agreement with the Department prior to entering into any further preliminary agreements or renewing any existing contract to sponsor a community school if that entity receives a sponsor rating below "effective" for two or more consecutive years.</p> <p>Requires all entities, except for grandfathered entities, to receive approval from the Department to sponsor community schools; this includes entering into preliminary agreements (current law) and renewing contracts.</p> <p>On and after July 1, 2017, Department approval is required to continue to sponsor schools, regardless of whether the sponsor intends to enter into a preliminary agreement or renew an existing contract.</p> <p>Requires all new and renewed agreements between the Department and a sponsor to address the parameters under which the Department can intervene or revoke sponsorship authority and specifies that each agreement must provide for an annual evaluation process and contain a "clause" permitting modification in instances of poor fiscal management and lack of academic progress.</p> <p>Adds that each new and renewed contract must set forth any territorial restrictions and limits on the number of schools that an entity may sponsor and changes "clause" to "stipulation."</p> <p>Decreases the length of the initial term of a sponsor's agreement with the Department from seven years to five years.</p> <p>Removes the current provision for a continuous one-year extension of a sponsor's agreement for sponsors that are not in the lowest 20% of sponsors statewide or are rated as "exemplary" or "effective."</p> <p>Revises the current process to qualify for the extension of a term of the sponsor's agreement with the Department, to permit a term of up to 10 years, based upon the academic performance of students enrolled in the sponsor's schools, the sponsor's adherence to quality practices and the sponsor's compliance with all applicable laws and administrative rules.</p> <p>Requires that each agreement between the Department and a sponsor must specify that entities with an overall rating of "exemplary" for at least two consecutive years must not be subject to the limit on the number of community schools the entity may sponsor or any territorial restrictions on sponsorship, for so long as that entity continues to be rated "exemplary."</p>

House Bill 2- Final Analysis

Trint Hatt

	<p>Requires the State Board of Education (rather than the Department under current law) to adopt rules containing criteria, procedures, and deadlines for processing applications for approval, oversight, and notification of sponsors.</p> <p>Permits the Department to renew or extend a sponsor agreement that expires in June of 2016 if the Department has not yet issued sponsor ratings by that time.</p> <p>Specifies that the Department may take actions permitted or required in the sponsor agreement without a hearing if the sponsor is unwilling or unable to fulfill its obligations.</p>
Civil Immunity for community school sponsors, officials, and employees	<p>Expands the types of civil liability from which a sponsor or its officers, directors, or employees are exempt, to include harm allegedly rising from failure of the community school to meet the obligations of any contract or other obligation entered into on behalf of the community school and another party.</p>
New ODE reporting requirements	<p>Requires the Department to compile and publish for each year since the 2011-2012 school year, the following information in a simple, easily accessible location on its website:</p> <ul style="list-style-type: none"> (1) a single document identifying each community school that has closed during each school year and the reason for the closure of each school, (2) a single document for each entity that submitted an application to sponsor schools that contains the following, where applicable: <ul style="list-style-type: none"> (a) the entity's application and most recent evaluation, (b) a designation of whether the entity's application was approved or denied, (c) all documentation used in determining whether to approve or deny the entity's application, (d) a short statement describing the rationale used in approving or denying the entity's application, (3) a single document containing the following information: <ul style="list-style-type: none"> (a) a list of all sponsor ratings for each school year for which ratings are available, (b) a list of each sponsor that is prohibited, as of July 1 of each school year, from sponsoring new schools, (c) a list of each sponsor that sponsors or has sponsored a school that is or was subject to closure, and the reason for that closure.
Extended deadline for annual reports on academic performance	<p>For the 2014-2015 school year only, requires the Department's report regarding the effectiveness of academic programs, operations, and legal compliance and the financial condition of all community schools and on the performance of community school sponsors to be submitted not later than March 31, 2016.</p> <p>For the 2014-2015 school year only, requires each community school sponsor's report submitting the results of the evaluation of the academic and fiscal performance and the organization and operation of each community school it sponsors to the Department and to the parents of students enrolled in that community school to be submitted not later than March 1, 2016.</p> <p>For the 2014-2015 school year only, requires each community school governing authority's report describing its activities and progress in meeting the academic goals and performance standards and its financial status to the sponsor and the parents of all students enrolled in the school to be submitted not later than January 31, 2016.</p>
Committee on Dropout recovery	<p>Creates a committee to make recommendations to the General Assembly regarding the definition of "quality" for community schools that primarily enroll students between 16 and 22 years of age who dropped out of high school or are at risk of dropping out</p>

House Bill 2- Final Analysis

Trint Hatt

schools	<p>of high school due to poor attendance, disciplinary problems, or suspensions. The committee also must study the efficacy of a completion or competency-based funding structure for those schools.</p> <p>Specifies that the committee must consist of the following members:</p> <ol style="list-style-type: none">(1) a business leader appointed by the Governor or the Governor's designee,(2) the president of a community college or the president's designee, appointed by the Governor or the Governor's designee,(3) the superintendent of a dropout recovery community school that received a rating of "meets standards" or "exceeds standards" on its most recent report card, appointed by the Governor or the Governor's designee,(4) the superintendent of a career-technical school appointed by the Speaker of the House of Representatives,(5) an individual representing the House of Representatives, appointed by the Speaker of the House,(6) an individual representing the Senate, appointed by the President of the Senate,(7) the president of a four-year university, or the president's designee, appointed by the President of the Senate,(8) a representative of the Board of Regents, appointed by the Chancellor of the Board of Regents,(9) a representative of the Department of Education, appointed by the Superintendent of Public Instruction, and(10) the Superintendent of a "Big 8" school district as selected by the "Ohio 8" Coalition. <p>Requires that the committee, which serves under guidance of the Department of Education, prepare a report of its recommendations and submit the report to the chairpersons of the House and Senate Education committees, not later than six months after the effective date of the bill.</p>
Similar students model	<p>Requires the Department to conduct a study to evaluate the validity and usefulness of using the "similar students measure," created by the California Charter Schools Association, to calculate student academic progress for each public school (other than dropout recovery community schools). The measure uses a regression model to take into account demographic differences.</p> <p>Requires the Department to submit a report of findings and recommendations to the State Board and General Assembly by December 1, 2016.</p>
Community school bond or guarantee	<p>Removes all references in current law to "surety bond" and replaces them with "bond" for purposes of the bond that must be posted by the governing authority of a community school prior to initiating operation.</p> <p>Permits, in lieu of the bond or cash payment guarantee required under current law to be paid by a community school for the cost of audits conducted by the Auditor of State, a community school sponsor or operator that has a contract with the school to provide a written guarantee of payment that obligates the sponsor or operator to pay the costs of those audits up to the amount of \$50,000.</p> <p>Specifies that any written guarantee is binding upon any successor entity that enters into a contract to sponsor or to operate the school, and any such entity, as a condition of its undertaking must acknowledge and accept that obligation.</p> <p>Requires the Department of Education to notify the Auditor of State of the proposed initiation of operations of any community school and to provide the Auditor of State with the certification of the sponsor of the community school of the compliance by the community school with all legal preconditions to the initiation of its operations, including the filing of a bond, deposit of cash guarantee, or written guarantee of payment.</p>

House Bill 2- Final Analysis

Trint Hatt

	<p>Specifies that, in the event that a sponsor or operator has provided a written guarantee, and later, the governing authority of the school posts a bond, or the governing authority of the school, a sponsor, or an operator provides a cash deposit of \$50,000, the written guarantee is cancelled.</p> <p>Requires, when the Auditor of State conducts an audit of a community school that has closed and is subject to the requirements of this provision, the Auditor of State must certify the costs of the audit to the Treasurer of State, who must assess the bond for the costs of the audit, or pay out of the cash deposit the costs of the audit to reimburse the Auditor of State for audit costs.</p> <p>Specifies that when an entity provides a written guarantee in lieu of a bond or cash guarantee, that entity is solely and fully liable for the costs of any audits conducted and must promptly pay those costs up to \$50,000.</p> <p>Prohibits a community school that is subject to these provisions from maintaining or continuing its operations absent the ongoing provision of a bond, a cash deposit, or a written guarantee.</p>
Property purchased by operators	<p>Specifies that furniture, computers, software, equipment, or other personal property purchased with state funds that were paid to an operator or management company for use in operation of a community school is property of that school and is not property of the operator or management company.</p> <p>Requires that any property acquired in the manner described above must be distributed in accordance with continuing law whenever a community school closes and ceases its operation as a community school.</p>
Membership in SERS	<p>Generally excludes both of the following from School Employees Retirement System (SERS) membership:</p> <ul style="list-style-type: none"> --Any person initially employed on or after July 1, 2016, by a community school operator that withholds Social Security taxes with the first paycheck after commencing employment; --Except as provided below, any person reemployed on or after July 1, 2016, by the same operator that withholds Social Security taxes with the first paycheck after commencing reemployment. <p>Includes in SERS membership any person reemployed on or after July 1, 2016, by the same operator that withholds Social Security taxes with the first paycheck after commencing reemployment if either of the following apply:</p> <ul style="list-style-type: none"> --The person is employed by the same operator at any time between July 1, 2015, to June 30, 2016, and the date of reemployment is before July 1, 2017; --Both of the following are the case: (1) the person is employed by the same operator in the 12 months preceding the date the operator initially withholds and pays Social Security taxes and the person had previously only contributed to SERS and (2) the person's date of reemployment is not more than 12 months after the date the operator initially withholds and pays the taxes.
Membership in STRS	<p>Includes in State Teachers Retirement System (STRS) membership both of the following:</p> <ul style="list-style-type: none"> (1) Any person to whom all of the following apply: (a) is employed by a community school operator, (b) the operator withholds and pays Social Security taxes on the person's behalf, and (c) had contributing service in a community school in Ohio within one year preceding the later of July 1, 2016, or the date on which the operator for the first time withholds and pays the taxes;

House Bill 2- Final Analysis

Trint Hatt

	<p>(2) A faculty member employed in a community school or a science, technology, engineering, and mathematics (STEM) school, including any academic administrators.</p> <p>Generally excludes both of the following from STRS membership:</p> <p>--Except as provided in (1) above, any person employed by a community school operator that withholds and pays Social Security</p> <p>--Any person described in (1) above, who terminates employment with an operator and has no contributing service in a community school in Ohio for at least one year from terminating employment.</p>
Student enrollment status	For purposes of the student counts used for school funding, permits (rather than requires as under current law) a student in any of grades 9- 12 to be considered a full-time equivalent student if the student is enrolled in at least five units of instruction per year.
Maximum governing authority compensation	Limits the maximum compensation for members of a school district board of education and educational service center governing board to \$5,000 per year for service to the board.