

Charter School Reform Bill Heads to Governor for Signature

Ohio House Bill 2 (HB2), the community school sponsorship and management reform bill, was passed by the Ohio General Assembly on Wednesday and is now headed to Governor Kasich for his signature. This long-awaited bipartisan reform bill includes a number of provisions aimed at increasing accountability in Ohio's charter schools. Some highlights of HB2 include:

- Requires all sponsors to enter into a contract with the Ohio Department of Education (ODE) and bases sponsor contract renewal on academic performance and quality practices.
- Clarifies that each contract between a sponsor and governing authority must contain performance standards, including report card measures.
- Sets out specific criteria for any new or renewed contract between the governing authority of a community school and the operator.
- Prohibits an ineffective sponsor from sponsoring any additional community schools, and requires ineffective sponsors to complete and adhere to a one-year quality improvement plan. If a sponsor is ineffective for three consecutive years, sponsorship authority will be revoked by ODE, subject to an appeals process.
- Prohibits poorly performing schools from switching sponsors unless the proposed sponsor is rated effective or higher and ODE grants permission for the school to enter into a new contract.
- Requires the governing authority of a community school to employ an independent attorney for any services relating to contract negotiations with the sponsor.
- Requires public disclosure of how sponsors are spending taxpayer money.
- Requires operators to furnish a comprehensive list of expenses, including the nature and costs of the goods and services it provides to the school.
- Prohibits the sponsor of a community school from selling any goods or services to that school, other than a school district or public university that sponsors a community school for no profit.
- Provides incentives for exemplary sponsors such as contract flexibility.
- Requires any educational service center that sponsors a community school to be approved by and enter into an agreement with ODE.
- Requires all new community schools to obtain a \$50,000 bond or guarantee prior to opening, with those funds being used to cover the cost of an audit should the school close.
- Limits total compensation for district and educational service center board members to \$5,000 per year and applies the same limits to districts and community schools.

- Clarifies that employees of private companies operating charter schools would be participants in the Social Security system, rather than the state employees and teachers retirement systems.
- In response to the recent Ohio Supreme Court decision, as discussed by Auditor Yost at our School Law Seminar on September 17, clarifies that furniture, computers, software, equipment or other personal property purchased by an operator with state funds that were paid to the operator by a community school, are the property of that community school and not the operator. Property of a school that closes would be distributed in accordance with existing law.

Please do not hesitate to contact any of the following Roetzel education law attorneys should you have questions regarding this or any other school law topic.

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