



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** H.B. 2 of the 131st G.A.

**Date:** February 10, 2015

**Status:** As Introduced

**Sponsor:** Reps. Dovilla and Roegner

**Local Impact Statement Procedure Required:** No

**Contents:** Management and sponsorship of community schools

### State Fiscal Highlights

- The Department of Education, the State Board of Education, and the Auditor of State are required to provide certain types of administrative review and reporting for community schools, which will result in minimal administrative costs.

### Local Fiscal Highlights

- The bill makes adjustments to contracts between community schools, sponsors, and governing authorities. It also increases the responsibility of community school sponsors to report on oversight of certain community school operations. The bill's requirements may result in minimal administrative costs to community schools, their governing boards, and their sponsoring entities.

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## Detailed Fiscal Analysis

### Community school requirements

The bill requires community schools to make several changes regarding governing authorities and sponsors. The bill also imposes several requirements on the Ohio Department of Education (ODE) and the State Board of Education.

#### Community school requirements

The bill requires monthly financial and enrollment records to be copied and furnished to the school sponsors, the governing board, and the community school fiscal officer. The bill also requires conversion community schools that primarily enroll students between 16 and 22 years of age to report school report card data to ODE for inclusion with overall district data. Lastly, certain community schools who want to enter into a contract with a new sponsor must receive prior approval from ODE. These mandates would impose no more than a minimal administrative cost on affected community schools.

Specifically, community schools with a "D" or "F" performance index score and overall grade for the value-added progress dimension on their most recent report card or schools in which a majority of students are enrolled in dropout prevention and recovery programs and that do not meet the minimum standards for the annual student growth measure and combined graduation rates on their most recent report card must receive approval from ODE before entering into a contract with a new school sponsor. Currently, there are 56 community schools that received low performance index and value-added progress dimension scores for the 2013-2014 school year. Additionally, five community schools that primarily offer a drop out recovery program received substandard annual student growth measure and combined graduation rate ratings for the 2013-2014 school year.

#### Governing board mandates

The bill requires community school fiscal officers to be employed by or engaged under a contract with the governing authority of the community school. Current law already requires fiscal officers for all community schools; therefore, this provision will likely not cause any additional costs. The bill also requires governing board members to annually disclose family members or business associates that are employed by the sponsor or operator of the community school, or any vendor engaged with the community school. It also prohibits members of those entities from serving on the governing boards of community schools. This administrative requirement poses minimal administrative costs for community schools and their governing boards.

Governing boards are also required by the bill to include certain criteria in the contract drawn with community school operators. Stipulations governing early termination of the contract, notification procedures, and ownership of facilities and property must be included in the contract. Contracts must also specify performance standards used to evaluate the school, including all applicable state report card measures. The bill adds a minimal administrative burden to governing boards.

### **Sponsors of community schools requirements**

The bill requires community school sponsors to annually submit a report to the State Board of Education describing the amount and type of expenditures made to provide oversight and technical assistance to each community school it sponsors. The bill also prohibits sponsors from selling goods or services to any community school they sponsor, with the exception of services or goods under contracts existing prior to the bill's effective date. Sponsoring school districts, as well as other types of community school sponsors will incur minimal administrative costs in complying with this mandate.

Community school sponsors must also put into writing certain assurances for schools using blended learning models and submit them to ODE. This review includes descriptions of all blended learning models used, methods for determining competency and grade advancement, attendance requirements, student progress monitoring, protection of student data, and professional development for teachers. Districts acting as sponsors of community schools utilizing blended learning models may incur minimal administrative costs as a result of the bill's requirement.

Sponsors of Internet or computer-based community schools are required to monitor and ensure compliance with online learning standards and report any failure to comply with these standards to ODE. Currently, there are 24 Internet or computer-based schools sponsored by 19 school districts, Educational Service Centers (ESCs), and other entities. The bill's requirement creates a minimal additional administrative burden for the school sponsors.

### **Department of Education requirements**

ODE is required by the bill to review and approve each community school's financial plan, and also review each existing community school's two most recent financial statements. Secondly, ODE must, in consultation with the Auditor of State, provide guidance to each community school for the creation of policies and internal financial control procedures. The bill also requires ODE to maintain records and information regarding all community school operators that contract with school governing authorities. ODE must receive from the governing authority a copy of the operator contract. Lastly, ODE is required to develop and publish annual performance reports for all community school operators. The bill's stipulations add a minimal administrative burden on ODE.

## **State Board of Education requirements**

The bill requires that the State Board of Education make two recommendations to the General Assembly and Governor regarding community schools in which a majority of enrolled students are children with disabilities who receive special education and related services. The recommendations pertain to school performance standards and the feasibility of removal of the exemption from permanent closure. The recommendations, due by December 31, 2015, create a minimal administrative burden for the State Board.

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