

AN ACT

To amend sections 3302.03, 3307.01, 3309.011, 3313.12, 3314.011, 3314.015, 3314.016, 3314.02, 3314.021, 3314.023, 3314.024, 3314.027, 3314.029, 3314.03, 3314.07, 3314.074, 3314.10, 3314.19, 3314.23, 3314.27, 3314.35, 3314.351, 3314.50, and 3317.034; to enact sections 117.105, 3302.037, 3309.013, 3313.131, 3314.019, 3314.025, 3314.0210, 3314.031, 3314.032, 3314.034, 3314.035, 3314.036, 3314.037, 3314.038, 3314.039, 3314.251, 3314.271, and 3314.46; and to repeal section 3314.026 of the Revised Code; and to repeal Section 263.660 of Am. Sub. H.B. 64 of the 131st General Assembly with regard to governance, sponsorship, and management of community schools and community school employee membership in the School Employees Retirement System and State Teachers Retirement System; to require the Department of Education to study a regression formula for measuring student academic performance; to limit the total annual amount of compensation that a school district or educational service center board member may receive; and to revise the conditions of enrollment status for high school students.

Be it enacted by the General Assembly of the State of Ohio:

SECTION 1. That sections 3302.03, 3307.01, 3309.011, 3313.12, 3314.011, 3314.015, 3314.016, 3314.02, 3314.021, 3314.023, 3314.024, 3314.027, 3314.029, 3314.03, 3314.07, 3314.074, 3314.10, 3314.19, 3314.23, 3314.27, 3314.35, 3314.351, 3314.50, and 3317.034 be amended and sections 117.105, 3302.037, 3309.013, 3313.131, 3314.019, 3314.025, 3314.0210, 3314.031, 3314.032, 3314.034, 3314.035, 3314.036, 3314.037, 3314.038, 3314.039, 3314.251, 3314.271, and 3314.46 of the Revised Code be enacted to read as follows:

Sec. 117.105. The auditor of state shall provide written notice to the sponsor of a community school regarding any action taken against or upcoming audits of a community school to assist the sponsor in complying with the requirements of section 3314.019 of the Revised Code.

Sec. 3302.03. Annually, not later than the fifteenth day of September or the preceding Friday when that day falls on a Saturday or Sunday, the department of education shall assign a letter grade for overall academic performance and for each separate performance measure for each school district, and each school building in a district, in accordance with this section. The state board shall adopt rules pursuant to Chapter 119. of the Revised Code to establish performance criteria for each letter grade and prescribe a method by which the department assigns each letter grade. For a school building to which any of the performance measures do not apply, due to grade levels served by the building, the state board shall designate the performance measures that are applicable to the building and that must be calculated separately and used to calculate the building's overall grade. The department shall issue annual report cards reflecting the performance of each school district, each building within each district, and for the state as a

whole using the performance measures and letter grade system described

in this section. The department shall include on the report card for each district and each building within each district the most recent two-year trend data in student achievement for each subject and each grade.

(A)(1) For the 2012-2013 school year, the department shall issue grades as described in division (E) of this section for each of the following performance measures:

(a) Annual measurable objectives;

(b) Performance index score for a school district or building. Grades shall be awarded as a percentage of the total possible points on the performance index system as adopted by the state board. In adopting benchmarks for assigning letter grades under division (A)(1)(b) of this section, the state board of education shall designate ninety per cent or higher for an "A," at least seventy per cent but not more than eighty per cent for a "C," and less than fifty per cent for an "F."

(c) The extent to which the school district or building meets each of the applicable performance indicators established by the state board under section 3302.02 of the Revised Code and the percentage of applicable performance indicators that have been achieved. In adopting benchmarks for assigning letter grades under division (A)(1)(c) of this section, the state board shall designate ninety per cent or higher for an "A."

(d) The four- and five-year adjusted cohort graduation rates.

In adopting benchmarks for assigning letter grades under division (A)(1)(d), (B)(1)(d), or (C)(1)(d) of this section, the department shall designate a four-year adjusted cohort graduation rate of ninety-three per cent or higher for an "A" and a five-year cohort graduation rate of ninety-five per cent or higher for an "A."

(e) The overall score under the value-added progress dimension of a school district or building, for which the department shall use up to three years of value-added data as available. The letter grade assigned for this growth measure shall be as follows:

(i) A score that is at least two standard errors of measure above the mean score shall be designated as an "A."

(ii) A score that is at least one standard error of measure but less than two standard errors of measure above the mean score shall be designated as a "B."

(iii) A score that is less than one standard error of measure above the mean score but greater than or equal to one standard error of measure below the mean score shall be designated as a "C."

(iv) A score that is not greater than one standard error of measure below the mean score but is greater than or equal to two standard errors of measure below the mean score shall be designated as a "D."

(v) A score that is not greater than two standard errors of measure below the mean score shall be designated as an "F."

Whenever the value-added progress dimension is used as a graded performance measure, whether as an overall measure or as a measure of separate subgroups, the grades for the measure shall be calculated in the same manner as prescribed in division (A)(1)(e) of this section.

(f) The value-added progress dimension score for a school district or building disaggregated for each of the following subgroups: students identified as gifted, students with disabilities, and students whose performance places them in the lowest quintile for achievement on a statewide basis. Each subgroup shall be a separate graded measure.

(2) Not later than April 30, 2013, the state board of education shall adopt a resolution describing the performance measures, benchmarks, and grading system for the 2012-2013 school year and, not later than June 30, 2013, shall adopt rules in accordance with Chapter 119. of the Revised Code that prescribe the methods by which the performance measures under division (A)(1) of this section shall be assessed and assigned a letter grade, including performance benchmarks for each letter grade.

At least forty-five days prior to the state board's adoption of rules to prescribe the methods by which the performance measures under division (A)(1) of this section shall be assessed and assigned a letter grade, the department shall conduct a public presentation before the standing committees of the house of representatives and the senate that consider education legislation describing such methods, including performance benchmarks.

(3) There shall not be an overall letter grade for a school district or building for the 2012-2013 school year.

(B)(1) For the 2013-2014 school year, the department shall issue grades as described in division (E) of this section for each of the following performance measures:

(a) Annual measurable objectives;

(b) Performance index score for a school district or building. Grades shall be awarded as a percentage of the total possible points on the performance index system as created by the department. In adopting benchmarks for assigning letter grades under division (B)(1)(b) of this section, the state board shall designate ninety per cent or higher for an "A," at least seventy per cent but not more than eighty per cent for a "C," and less than fifty per cent for an "F."

(c) The extent to which the school district or building meets each of the applicable performance indicators established by the state board under section 3302.03 of the Revised Code and the percentage of applicable performance indicators that have been achieved. In adopting benchmarks for assigning letter grades under division (B)(1)(c) of this section, the state board shall designate ninety per cent or higher for an "A."

(d) The four- and five-year adjusted cohort graduation rates;

(e) The overall score under the value-added progress dimension of a school district or building, for which the department shall use up to three years of value-added data as available.

(f) The value-added progress dimension score for a school district or building disaggregated for each of the following subgroups: students identified as gifted in superior cognitive ability and specific academic ability fields under Chapter 3324. of the Revised Code, students with disabilities, and students whose performance places them in the lowest quintile for achievement on a statewide basis. Each subgroup shall be a separate graded measure.

(g) Whether a school district or building is making progress in improving literacy in grades kindergarten through three, as determined using a method prescribed by the state board. The state board shall adopt rules to prescribe benchmarks and standards for assigning grades to districts and buildings for purposes of division (B)(1)(g) of this section. In adopting benchmarks for assigning letter grades under divisions (B)(1)(g) and (C)(1)(g) of this section, the state board shall determine progress made based on the reduction in the total percentage of students scoring below grade level, or below proficient, compared from year to year on the reading and writing diagnostic assessments administered under section 3301.0715 of the Revised Code and the third grade English language arts assessment under section 3301.0710 of the Revised Code, as applicable. The state board shall designate for a "C" grade a value that is not lower than the statewide average value for this measure. No grade shall be issued under divisions (B)(1)(g) and (C)(1)(g) of this section for a district or building in which less than five per cent of students have scored below grade level on the diagnostic assessment administered to students in kindergarten under division (B)(1) of section 3313.608 of the Revised Code.

(h) For a high mobility school district or building, an additional value-added progress dimension score. For this measure, the department shall use value-added data from the most recent school year available and shall use assessment scores for only those students to whom the district or building has administered the assessments prescribed by section 3301.0710 of the Revised Code for each of the two most recent consecutive school years.

As used in this division, "high mobility school district or building" means a school district or building where at least twenty-five per cent of its total enrollment is made up of students who have attended that school district or building for less than one year.

(2) In addition to the graded measures in division (B)(1) of this section, the department shall include on a school district's or building's report card all of the following without an assigned letter grade:

(a) The percentage of students enrolled in a district or building participating in advanced placement classes and the percentage of those students who received a score of three or better on advanced placement examinations;

(b) The number of a district's or building's students who have earned at least three college credits through dual enrollment or advanced standing programs, such as the post-secondary enrollment options program under Chapter 3365. of the Revised Code and state-approved career-technical courses offered through dual enrollment or statewide articulation, that appear on a student's transcript or other official document, either of which is issued by the institution of higher education from which the student earned the college credit. The credits earned that are reported under divisions (B)(2)(b) and (C)(2)(c) of this section shall not include any that are remedial or developmental and shall include those that count toward the curriculum requirements established for completion of a degree.

(c) The percentage of students enrolled in a district or building who have taken a national standardized test used for college admission determinations and the percentage of those students who are determined to be remediation-free in accordance with standards adopted under division (F) of section 3345.061 of the Revised Code;

(d) The percentage of the district's or the building's students who receive industry-recognized credentials. The state board shall adopt criteria for acceptable industry-recognized credentials.

(e) The percentage of students enrolled in a district or building who are participating in an international baccalaureate program and the percentage of those students who receive a score of four or better on the international baccalaureate examinations.

(f) The percentage of the district's or building's students who receive an honors diploma under division (B) of section 3313.61 of the Revised Code.

(3) Not later than December 31, 2013, the state board shall adopt rules in accordance with Chapter 119. of the Revised Code that prescribe the methods by which the performance measures under divisions (B)(1)(f) and (B)(1)(g) of this section will be assessed and assigned a letter grade, including performance benchmarks for each grade.

At least forty-five days prior to the state board's adoption of rules to prescribe the methods by which the performance measures under division (B)(1) of this section shall be assessed and assigned a letter grade, the department shall conduct a public presentation before the standing committees of the house of representatives and the senate that consider education legislation describing such methods, including performance benchmarks.

(4) There shall not be an overall letter grade for a school district or building for the 2013-2014 school year.

(C)(1) For the 2014-2015 school year and each school year thereafter, the department shall issue grades as described in division (E) of this section for each of the performance measures prescribed in division (C)(1) of this section and an overall letter grade based on an aggregate of those measures, except for the performance measure set forth in division (C)(1)(h) of this section. The graded measures are as follows:

(a) Annual measurable objectives;

(b) Performance index score for a school district or building. Grades shall be awarded as a percentage of the total possible points on the performance index system as created by the department. In adopting benchmarks for assigning letter grades under division (C)(1)(b) of this section, the state board shall designate ninety per cent or higher for an "A," at least seventy per cent but not more than eighty per cent for a "C," and less than fifty per cent for an "F."

(c) The extent to which the school district or building meets each of the applicable performance indicators established by the state board under section 3302.03 of the Revised Code

and the percentage of applicable performance indicators that have been achieved. In adopting benchmarks for assigning letter grades under division (C)(1)(c) of this section, the state board shall designate ninety per cent or higher for an "A."

(d) The four- and five-year adjusted cohort graduation rates;

(e) The overall score under the value-added progress dimension, or another measure of student academic progress if adopted by the state board, of a school district or building, for which the department shall use up to three years of value-added data as available.

In adopting benchmarks for assigning letter grades for overall score on value-added progress dimension under division (C)(1)(e) of this section, the state board shall prohibit the assigning of a grade of "A" for that measure unless the district's or building's grade assigned for value-added progress dimension for all subgroups under division (C)(1)(f) of this section is a "B" or higher.

For the metric prescribed by division (C)(1)(e) of this section, the state board may adopt a student academic progress measure to be used instead of the value-added progress dimension. If the state board adopts such a measure, it also shall prescribe a method for assigning letter grades for the new measure that is comparable to the method prescribed in division (A)(1)(e) of this section.

(f) The value-added progress dimension score of a school district or building disaggregated for each of the following subgroups: students identified as gifted in superior cognitive ability and specific academic ability fields under Chapter 3324. of the Revised Code, students with disabilities, and students whose performance places them in the lowest quintile for achievement on a statewide basis, as determined by a method prescribed by the state board. Each subgroup shall be a separate graded measure.

The state board may adopt student academic progress measures to be used instead of the value-added progress dimension. If the state board adopts such measures, it also shall prescribe a method for assigning letter grades for the new measures that is comparable to the method prescribed in division (A)(1)(e) of this section.

(g) Whether a school district or building is making progress in improving literacy in grades kindergarten through three, as determined using a method prescribed by the state board. The state board shall adopt rules to prescribe benchmarks and standards for assigning grades to a district or building for purposes of division (C)(1)(g) of this section. The state board shall designate for a "C" grade a value that is not lower than the statewide average value for this measure. No grade shall be issued under division (C)(1)(g) of this section for a district or building in which less than five per cent of students have scored below grade level on the kindergarten diagnostic assessment under division (B)(1) of section 3313.608 of the Revised Code.

(h) For a high mobility school district or building, an additional value-added progress dimension score. For this measure, the department shall use value-added data from the most recent school year available and shall use assessment scores for only those students to whom the district or building has administered the assessments prescribed by section 3301.0710 of the Revised Code for each of the two most recent consecutive school years.

As used in this division, "high mobility school district or building" means a school district or building where at least twenty-five per cent of its total enrollment is made up of students who have attended that school district or building for less than one year.

(2) In addition to the graded measures in division (C)(1) of this section, the department shall include on a school district's or building's report card all of the following without an assigned letter grade:

(a) The percentage of students enrolled in a district or building who have taken a national standardized test used for college admission determinations and the percentage of those students who are determined to be remediation-free in accordance with the standards adopted under division (F) of section 3345.061 of the Revised Code;

(b) The percentage of students enrolled in a district or building participating in advanced

placement classes and the percentage of those students who received a score of three or better on advanced placement examinations;

(c) The percentage of a district's or building's students who have earned at least three college credits through advanced standing programs, such as the college credit plus program under Chapter 3365. of the Revised Code and state-approved career-technical courses offered through dual enrollment or statewide articulation, that appear on a student's college transcript issued by the institution of higher education from which the student earned the college credit. The credits earned that are reported under divisions (B)(2)(b) and (C)(2)(c) of this section shall not include any that are remedial or developmental and shall include those that count toward the curriculum requirements established for completion of a degree.

(d) The percentage of the district's or building's students who receive an honor's diploma under division (B) of section 3313.61 of the Revised Code;

(e) The percentage of the district's or building's students who receive industry-recognized credentials;

(f) The percentage of students enrolled in a district or building who are participating in an international baccalaureate program and the percentage of those students who receive a score of four or better on the international baccalaureate examinations;

(g) The results of the college and career-ready assessments administered under division (B)(1) of section 3301.0712 of the Revised Code.

(3) The state board shall adopt rules pursuant to Chapter 119. of the Revised Code that establish a method to assign an overall grade for a school district or school building for the 2014-2015 school year and each school year thereafter. The rules shall group the performance measures in divisions (C)(1) and (2) of this section into the following components:

(a) Gap closing, which shall include the performance measure in division (C)(1)(a) of this section;

(b) Achievement, which shall include the performance measures in divisions (C)(1)(b) and (c) of this section;

(c) Progress, which shall include the performance measures in divisions (C)(1)(e) and (f) of this section;

(d) Graduation, which shall include the performance measure in division (C)(1)(d) of this section;

(e) Kindergarten through third-grade literacy, which shall include the performance measure in division (C)(1)(g) of this section;

(f) Prepared for success, which shall include the performance measures in divisions (C)(2)(a), (b), (c), (d), (e), and (f) of this section. The state board shall develop a method to determine a grade for the component in division (C)(3)(f) of this section using the performance measures in divisions (C)(2)(a), (b), (c), (d), (e), and (f) of this section. When available, the state board may incorporate the performance measure under division (C)(2)(g) of this section into the component under division (C)(3)(f) of this section. When determining the overall grade for the prepared for success component prescribed by division (C)(3)(f) of this section, no individual student shall be counted in more than one performance measure. However, if a student qualifies for more than one performance measure in the component, the state board may, in its method to determine a grade for the component, specify an additional weight for such a student that is not greater than or equal to 1.0. In determining the overall score under division (C)(3)(f) of this section, the state board shall ensure that the pool of students included in the performance measures aggregated under that division are all of the students included in the four- and five-year adjusted graduation cohort.

In the rules adopted under division (C)(3) of this section, the state board shall adopt a method for determining a grade for each component in divisions (C)(3)(a) to (f) of this section. The state board also shall establish a method to assign an overall grade of "A," "B," "C," "D," or "F" using

the grades assigned for each component. The method the state board adopts for assigning an overall grade shall give equal weight to the components in divisions (C)(3)(b) and (c) of this section.

At least forty-five days prior to the state board's adoption of rules to prescribe the methods for calculating the overall grade for the report card, as required by this division, the department shall conduct a public presentation before the standing committees of the house of representatives and the senate that consider education legislation describing the format for the report card, weights that will be assigned to the components of the overall grade, and the method for calculating the overall grade.

(D) Not later than July 1, 2015, the state board shall develop a measure of student academic progress for high school students using only data from assessments in English language arts and mathematics. For the 2014-2015 school year, the department shall include this measure on a school district or building's report card, as applicable, without an assigned letter grade. Beginning with the report card for the 2015-2016 school year, each school district and applicable school building shall be assigned a separate letter grade for this measure and the district's or building's grade for that measure shall be included in determining the district's or building's overall letter grade. This measure shall be included within the measure prescribed in division (C) (3)(c) of this section in the calculation for the overall letter grade.

(E) The letter grades assigned to a school district or building under this section shall be as follows:

- (1) "A" for a district or school making excellent progress;
- (2) "B" for a district or school making above average progress;
- (3) "C" for a district or school making average progress;
- (4) "D" for a district or school making below average progress;
- (5) "F" for a district or school failing to meet minimum progress.

(F) When reporting data on student achievement and progress, the department shall disaggregate that data according to the following categories:

- (1) Performance of students by grade-level;
- (2) Performance of students by race and ethnic group;
- (3) Performance of students by gender;
- (4) Performance of students grouped by those who have been enrolled in a district or school for three or more years;
- (5) Performance of students grouped by those who have been enrolled in a district or school for more than one year and less than three years;
- (6) Performance of students grouped by those who have been enrolled in a district or school for one year or less;
- (7) Performance of students grouped by those who are economically disadvantaged;
- (8) Performance of students grouped by those who are enrolled in a conversion community school established under Chapter 3314. of the Revised Code;
- (9) Performance of students grouped by those who are classified as limited English proficient;
- (10) Performance of students grouped by those who have disabilities;
- (11) Performance of students grouped by those who are classified as migrants;
- (12) Performance of students grouped by those who are identified as gifted in superior cognitive ability and the specific academic ability fields of reading and math pursuant to Chapter 3324. of the Revised Code. In disaggregating specific academic ability fields for gifted students, the department shall use data for those students with specific academic ability in math and reading. If any other academic field is assessed, the department shall also include data for students with specific academic ability in that field as well.
- (13) Performance of students grouped by those who perform in the lowest quintile for achievement on a statewide basis, as determined by a method prescribed by the state board.

The department may disaggregate data on student performance according to other categories that the department determines are appropriate. To the extent possible, the department shall disaggregate data on student performance according to any combinations of two or more of the categories listed in divisions (F)(1) to (13) of this section that it deems relevant.

In reporting data pursuant to division (F) of this section, the department shall not include in the report cards any data statistical in nature that is statistically unreliable or that could result in the identification of individual students. For this purpose, the department shall not report student performance data for any group identified in division (F) of this section that contains less than ten students. If the department does not report student performance data for a group because it contains less than ten students, the department shall indicate on the report card that is why data was not reported.

(G) The department may include with the report cards any additional education and fiscal performance data it deems valuable.

(H) The department shall include on each report card a list of additional information collected by the department that is available regarding the district or building for which the report card is issued. When available, such additional information shall include student mobility data disaggregated by race and socioeconomic status, college enrollment data, and the reports prepared under section 3302.031 of the Revised Code.

The department shall maintain a site on the world wide web. The report card shall include the address of the site and shall specify that such additional information is available to the public at that site. The department shall also provide a copy of each item on the list to the superintendent of each school district. The district superintendent shall provide a copy of any item on the list to anyone who requests it.

~~(I) Division (I) of this section does not apply to conversion community schools that primarily enroll students between sixteen and twenty-two years of age who dropped out of high school or are at risk of dropping out of high school due to poor attendance, disciplinary problems, or suspensions.~~

~~(1) For (a) Except as provided in division (I)(1)(b) of this section, for any district that sponsors a conversion community school under Chapter 3314. of the Revised Code, the department shall combine data regarding the academic performance of students enrolled in the community school with comparable data from the schools of the district for the purpose of determining the performance of the district as a whole on the report card issued for the district under this section or section 3302.033 of the Revised Code.~~

~~(b) The department shall not combine 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, as described in division (A)(4)(a) of section 3314.35 of the Revised Code. The department shall include as an addendum to the district's report card the ratings and performance measures that are required under section 3314.017 of the Revised Code for any community school to which division (I)(1)(b) of this section applies. This addendum shall include, at a minimum, the data specified in divisions (C)(1)(a), (C)(2), and (C)(3) of section 3314.017 of the Revised Code.~~

(2) Any district that leases a building to a community school located in the district or that enters into an agreement with a community school located in the district whereby the district and the school endorse each other's programs may elect to have data regarding the academic performance of students enrolled in the community school combined with comparable data from the schools of the district for the purpose of determining the performance of the district as a whole on the district report card. Any district that so elects shall annually file a copy of the lease or agreement with the department.

(3) Any municipal school district, as defined in section 3311.71 of the Revised Code, that sponsors a community school located within the district's territory, or that enters into an

agreement with a community school located within the district's territory whereby the district and the community school endorse each other's programs, may exercise either or both of the following elections:

(a) To have data regarding the academic performance of students enrolled in that community school combined with comparable data from the schools of the district for the purpose of determining the performance of the district as a whole on the district's report card;

(b) To have the number of students attending that community school noted separately on the district's report card.

The election authorized under division (I)(3)(a) of this section is subject to approval by the governing authority of the community school.

Any municipal school district that exercises an election to combine or include data under division (I)(3) of this section, by the first day of October of each year, shall file with the department documentation indicating eligibility for that election, as required by the department.

(J) The department shall include on each report card the percentage of teachers in the district or building who are highly qualified, as defined by the No Child Left Behind Act of 2001, and a comparison of that percentage with the percentages of such teachers in similar districts and buildings.

(K)(1) In calculating English language arts, mathematics, social studies, or science assessment passage rates used to determine school district or building performance under this section, the department shall include all students taking an assessment with accommodation or to whom an alternate assessment is administered pursuant to division (C)(1) or (3) of section 3301.0711 of the Revised Code.

(2) In calculating performance index scores, rates of achievement on the performance indicators established by the state board under section 3302.02 of the Revised Code, and annual measurable objectives for determining adequate yearly progress for school districts and buildings under this section, the department shall do all of the following:

(a) Include for each district or building only those students who are included in the ADM certified for the first full school week of October and are continuously enrolled in the district or building through the time of the spring administration of any assessment prescribed by division (A)(1) or (B)(1) of section 3301.0710 or division (B) of section 3301.0712 of the Revised Code that is administered to the student's grade level;

(b) Include cumulative totals from both the fall and spring administrations of the third grade English language arts achievement assessment;

(c) Except as required by the No Child Left Behind Act of 2001, exclude for each district or building any limited English proficient student who has been enrolled in United States schools for less than one full school year.

(L) Beginning with the 2015-2016 school year and at least once every three years thereafter, the state board of education shall review and may adjust the benchmarks for assigning letter grades to the performance measures and components prescribed under divisions (C)(3) and (D) of this section.

Sec. 3302.037. The department of education shall conduct a study to evaluate the validity and usefulness of using the "similar students measure," as created by the California charter schools association, to calculate student academic progress, using a regression model to take into account demographic differences, for each public school.

Not later than December 1, 2016, the department shall prepare and submit a report regarding its findings and recommendations to the state board of education and the general assembly in accordance with section 101.68 of the Revised Code.

Sec. 3307.01. As used in this chapter:

(A) "Employer" means the board of education, school district, governing authority of any community school established under Chapter 3314. of the Revised Code, a science, technology,

engineering, and mathematics school established under Chapter 3326. of the Revised Code, college, university, institution, or other agency within the state by which a teacher is employed and paid.

(B)(1) "Teacher" means all of the following:

(a) Any person paid from public funds and employed in the public schools of the state under any type of contract described in section 3311.77 or 3319.08 of the Revised Code in a position for which the person is required to have a license issued pursuant to sections 3319.22 to 3319.31 of the Revised Code;

(b) ~~Any~~ Except as provided in division (B)(2)(b) or (c) of this section, any person employed as a teacher by or faculty member in a community school or a science, technology, engineering, and mathematics school pursuant to Chapter 3314. or 3326. of the Revised Code;

(c) Any person having a license issued pursuant to sections 3319.22 to 3319.31 of the Revised Code and employed in a public school in this state in an educational position, as determined by the state board of education, under programs provided for by federal acts or regulations and financed in whole or in part from federal funds, but for which no licensure requirements for the position can be made under the provisions of such federal acts or regulations;

(d) Any other teacher or faculty member employed in any school, college, university, institution, or other agency wholly controlled and managed, and supported in whole or in part, by the state or any political subdivision thereof, including Central state university, Cleveland state university, and the university of Toledo;

(e) The educational employees of the department of education, as determined by the state superintendent of public instruction.

In all cases of doubt, the state teachers retirement board shall determine whether any person is a teacher, and its decision shall be final.

(2) "Teacher" does not include any of the following:

(a) Any eligible employee of a public institution of higher education, as defined in section 3305.01 of the Revised Code, who elects to participate in an alternative retirement plan established under Chapter 3305. of the Revised Code;

(b) Any person employed by a community school operator, as defined in section 3314.02 of the Revised Code, for whom the operator withholds and pays employee and employer taxes pursuant to 26 U.S.C. 3101(a) and 3111(a), unless the person had contributing service in a community school in the state within one year prior to the later of July 1, 2016, or the date on which the operator for the first time withholds and pays employee and employer taxes pursuant to 26 U.S.C. 3101(a) and 3111(a) for that person;

(c) Any person who would otherwise be a teacher under division (B)(2)(b) of this section who terminates employment with a community school operator and has no contributing service in a community school in the state for a period of at least one year from the date of termination of employment.

(C) "Member" means any person included in the membership of the state teachers retirement system, which shall consist of all teachers and contributors as defined in divisions (B) and (D) of this section and all disability benefit recipients, as defined in section 3307.50 of the Revised Code. However, for purposes of this chapter, the following persons shall not be considered members:

(1) A student, intern, or resident who is not a member while employed part-time by a school, college, or university at which the student, intern, or resident is regularly attending classes;

(2) A person denied membership pursuant to section 3307.24 of the Revised Code;

(3) An other system retirant, as defined in section 3307.35 of the Revised Code, or a superannuate;

(4) An individual employed in a program established pursuant to the "Job Training Partnership Act," 96 Stat. 1322 (1982), 29 U.S.C.A. 1501;

(5) The surviving spouse of a member or retirant if the surviving spouse's only connection to the retirement system is an account in an STRS defined contribution plan.

(D) "Contributor" means any person who has an account in the teachers' savings fund or defined contribution fund, except that "contributor" does not mean a member or retirant's surviving spouse with an account in an STRS defined contribution plan.

(E) "Beneficiary" means any person eligible to receive, or in receipt of, a retirement allowance or other benefit provided by this chapter.

(F) "Year" means the year beginning the first day of July and ending with the thirtieth day of June next following, except that for the purpose of determining final average salary under the plan described in sections 3307.50 to 3307.79 of the Revised Code, "year" may mean the contract year.

(G) "Local district pension system" means any school teachers pension fund created in any school district of the state in accordance with the laws of the state prior to September 1, 1920.

(H) "Employer contribution" means the amount paid by an employer, as determined by the employer rate, including the normal and deficiency rates, contributions, and funds wherever used in this chapter.

(I) "Five years of service credit" means employment covered under this chapter and employment covered under a former retirement plan operated, recognized, or endorsed by a college, institute, university, or political subdivision of this state prior to coverage under this chapter.

(J) "Actuary" means an actuarial professional contracted with or employed by the state teachers retirement board, who shall be either of the following:

(1) A member of the American academy of actuaries;

(2) A firm, partnership, or corporation of which at least one person is a member of the American academy of actuaries.

(K) "Fiduciary" means a person who does any of the following:

(1) Exercises any discretionary authority or control with respect to the management of the system, or with respect to the management or disposition of its assets;

(2) Renders investment advice for a fee, direct or indirect, with respect to money or property of the system;

(3) Has any discretionary authority or responsibility in the administration of the system.

(L)(1) Except as provided in this division, "compensation" means all salary, wages, and other earnings paid to a teacher by reason of the teacher's employment, including compensation paid pursuant to a supplemental contract. The salary, wages, and other earnings shall be determined prior to determination of the amount required to be contributed to the teachers' savings fund or defined contribution fund under section 3307.26 of the Revised Code and without regard to whether any of the salary, wages, or other earnings are treated as deferred income for federal income tax purposes.

(2) Compensation does not include any of the following:

(a) Payments for accrued but unused sick leave or personal leave, including payments made under a plan established pursuant to section 124.39 of the Revised Code or any other plan established by the employer;

(b) Payments made for accrued but unused vacation leave, including payments made pursuant to section 124.13 of the Revised Code or a plan established by the employer;

(c) Payments made for vacation pay covering concurrent periods for which other salary, compensation, or benefits under this chapter or Chapter 145. or 3309. of the Revised Code are paid;

(d) Amounts paid by the employer to provide life insurance, sickness, accident, endowment, health, medical, hospital, dental, or surgical coverage, or other insurance for the teacher or the teacher's family, or amounts paid by the employer to the teacher in lieu of providing the

insurance;

(e) Incidental benefits, including lodging, food, laundry, parking, or services furnished by the employer, use of the employer's property or equipment, and reimbursement for job-related expenses authorized by the employer, including moving and travel expenses and expenses related to professional development;

(f) Payments made by the employer in exchange for a member's waiver of a right to receive any payment, amount, or benefit described in division (L)(2) of this section;

(g) Payments by the employer for services not actually rendered;

(h) Any amount paid by the employer as a retroactive increase in salary, wages, or other earnings, unless the increase is one of the following:

(i) A retroactive increase paid to a member employed by a school district board of education in a position that requires a license designated for teaching and not designated for being an administrator issued under section 3319.22 of the Revised Code that is paid in accordance with uniform criteria applicable to all members employed by the board in positions requiring the licenses;

(ii) A retroactive increase paid to a member employed by a school district board of education in a position that requires a license designated for being an administrator issued under section 3319.22 of the Revised Code that is paid in accordance with uniform criteria applicable to all members employed by the board in positions requiring the licenses;

(iii) A retroactive increase paid to a member employed by a school district board of education as a superintendent that is also paid as described in division (L)(2)(h)(i) of this section;

(iv) A retroactive increase paid to a member employed by an employer other than a school district board of education in accordance with uniform criteria applicable to all members employed by the employer.

(i) Payments made to or on behalf of a teacher that are in excess of the annual compensation that may be taken into account by the retirement system under division (a)(17) of section 401 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 401(a)(17), as amended. For a teacher who first establishes membership before July 1, 1996, the annual compensation that may be taken into account by the retirement system shall be determined under division (d)(3) of section 13212 of the "Omnibus Budget Reconciliation Act of 1993," Pub. L. No. 103-66, 107 Stat. 472.

(j) Payments made under division (B), (C), or (E) of section 5923.05 of the Revised Code, Section 4 of Substitute Senate Bill No. 3 of the 119th general assembly, Section 3 of Amended Substitute Senate Bill No. 164 of the 124th general assembly, or Amended Substitute House Bill No. 405 of the 124th general assembly;

(k) Anything of value received by the teacher that is based on or attributable to retirement or an agreement to retire;

(l) Any amount paid by the employer as a retroactive payment of earnings, damages, or back pay pursuant to a court order, court-adopted settlement agreement, or other settlement agreement, unless the retirement system receives both of the following:

(i) Teacher and employer contributions under sections 3307.26 and 3307.28 of the Revised Code, plus interest compounded annually at a rate determined by the board, for each year or portion of a year for which amounts are paid under the order or agreement;

(ii) Teacher and employer contributions under sections 3307.26 and 3307.28 of the Revised Code, plus interest compounded annually at a rate determined by the board, for each year or portion of a year not subject to division (L)(2)(l)(i) of this section for which the board determines the teacher was improperly paid, regardless of the teacher's ability to recover on such amounts improperly paid.

(3) The retirement board shall determine both of the following:

(a) Whether particular forms of earnings are included in any of the categories enumerated in

this division;

(b) Whether any form of earnings not enumerated in this division is to be included in compensation.

Decisions of the board made under this division shall be final.

(M) "Superannuate" means both of the following:

(1) A former teacher receiving from the system a retirement allowance under section 3307.58 or 3307.59 of the Revised Code;

(2) A former teacher receiving a benefit from the system under a plan established under section 3307.81 of the Revised Code, except that "superannuate" does not include a former teacher who is receiving a benefit based on disability under a plan established under section 3307.81 of the Revised Code.

For purposes of sections 3307.35 and 3307.353 of the Revised Code, "superannuate" also means a former teacher receiving from the system a combined service retirement benefit paid in accordance with section 3307.57 of the Revised Code, regardless of which retirement system is paying the benefit.

(N) "STRS defined benefit plan" means the plan described in sections 3307.50 to 3307.79 of the Revised Code.

(O) "STRS defined contribution plan" means the plans established under section 3307.81 of the Revised Code and includes the STRS combined plan under that section.

(P) "Faculty" means the teaching staff of a university, college, or school, including any academic administrators.

Sec. 3309.011. "Employee" as defined in division (B) of section 3309.01 of the Revised Code, does not include ~~either any~~ of the following:

(A) Any person having a license issued pursuant to sections 3319.22 to 3319.31 of the Revised Code and employed in a public school in this state in an educational position, as determined by the state board of education, under programs provided for by federal acts or regulations and financed in whole or in part from federal funds, but for which no licensure requirements for the position can be made under the provisions of such federal acts or regulations;

(B) Any person who participates in an alternative retirement plan established under Chapter 3305. of the Revised Code;

(C) Any person who elects to transfer from the school employees retirement system to the public employees retirement system under section 3309.312 of the Revised Code;

(D) Any person whose full-time employment by the university of Akron as a state university law enforcement officer pursuant to section 3345.04 of the Revised Code commences on or after ~~the effective date of this amendment~~ September 16, 1998;

(E) Any person described in division (B) of section 3309.013 of the Revised Code.

Sec. 3309.013. (A) As used in this section, "operator" has the same meaning as in section 3314.02 of the Revised Code.

(B) "Employee," as defined in division (B) of section 3309.01 of the Revised Code, does not include either of the following:

(1) Any person initially employed on or after July 1, 2016, by a community school operator and for whom the operator withholds and pays employee and employer taxes pursuant to 26 U.S.C. 3101(a) and 3111(a) beginning with the first paycheck after commencing initial employment;

(2) Except as provided in division (C) of this section, any person who is a former employee of a community school operator who is reemployed on or after July 1, 2016, by that operator and for whom the operator withholds and pays employee and employer taxes pursuant to 26 U.S.C. 3101(a) and 3111(a) beginning with the first paycheck after commencing reemployment with that operator.

(C) Division (B)(2) of this section does not apply to either of the following:

(1) Any person who was employed by the same operator at any time within the period of July 1, 2015, to June 30, 2016, and whose date of reemployment is before July 1, 2017;

(2) Any person to whom both of the following apply:

(a) The person was employed by the same operator at any time in the twelve-month period preceding the date the operator for the first time withholds and pays employee and employer taxes pursuant to 26 U.S.C. 3101(a) and 3111(a) on behalf of its employees and had previously only contributed to the school employees retirement system;

(b) The person's date of reemployment is not more than twelve months after the date the operator for the first time withholds and pays employee and employer taxes pursuant to 26 U.S.C. 3101(a) and 3111(a).

Sec. 3313.12. (A) Each member of the educational service center governing board may be paid such compensation as the governing board provides by resolution, provided that any such compensation shall not exceed one hundred twenty-five dollars a day plus mileage both ways, at the rate per mile provided by resolution of the governing board, for attendance at any meeting of the board. No member of an educational service center governing board shall receive in compensation under this division a total amount greater than five thousand dollars per year for service on the governing board. Such compensation and the expenses of the educational service center superintendent, itemized and verified, shall be paid from the educational service center governing board fund upon vouchers signed by the president of the governing board.

(B) The board of education of any city, local, or exempted village school district may provide by resolution for compensation of its members, provided that such compensation shall not exceed one hundred twenty-five dollars per member for meetings attended. No member of a school district board of education shall receive in compensation under this division a total amount greater than five thousand dollars per year for service on the board of education. The board may provide by resolution for the deduction of amounts payable for benefits under section 3313.202 of the Revised Code.

(C) Each member of a district board or educational service center governing board may be paid such compensation as the respective board provides by resolution for attendance at an approved training program, provided that such compensation shall not exceed sixty dollars a day for attendance at a training program three hours or fewer in length and one hundred twenty-five dollars a day for attendance at a training program longer than three hours in length.

Sec. 3313.131. No person who is a member of the governing authority of a community school established under Chapter 3314. of the Revised Code shall be a member of a board of education.

Sec. 3314.011. (A) Every community school established under this chapter shall have a designated fiscal officer. Except as provided for in division (C) of this section, the fiscal officer shall be employed by or engaged under a contract with the governing authority of the community school.

(B) The auditor of state may shall require by rule that the fiscal officer of any community school, before entering upon duties as fiscal officer of the school, execute a bond in an amount and with surety to be approved by the governing authority of the school, payable to the state, conditioned for the faithful performance of all the official duties required of the fiscal officer. Any such The bond shall be deposited with the governing authority of the school, and a copy thereof, certified by the governing authority, shall be filed with the county auditor.

(C) Prior to assuming the duties of fiscal officer, the fiscal officer designated under this section shall be licensed under section 3301.074 of the Revised Code. Any person serving as a fiscal officer of a community school on the effective date of this amendment March 22, 2013, who is not licensed as a treasurer shall be permitted to serve as a fiscal officer for not more than one year following the effective date of this amendment March 22, 2013. Beginning on that date and thereafter, no community school shall permit any individual to serve as a fiscal officer

without a license as required by this section.

(D)(1) The governing authority of a community school may adopt a resolution waiving the requirement that the governing authority is the party responsible to employ or contract with the designated fiscal officer, as prescribed by division (A) of this section, so long as the school's sponsor also approves the resolution. The resolution shall be valid for one year. A new resolution shall be adopted for each year that the governing authority wishes to waive this requirement, so long as the school's sponsor also approves the resolution.

No resolution adopted pursuant to this division may waive the requirement for a community school to have a designated fiscal officer.

(2) If the governing authority adopts a resolution pursuant to division (D)(1) of this section, the school's designated fiscal officer annually shall meet with the governing authority to review the school's financial status.

(3) The governing authority shall submit to the department of education a copy of each resolution adopted pursuant to division (D)(1) of this section.

Sec. 3314.015. (A) The department of education shall be responsible for the oversight of any and all sponsors of the community schools established under this chapter and shall provide technical assistance to schools and sponsors in their compliance with applicable laws and the terms of the contracts entered into under section 3314.03 of the Revised Code and in the development and start-up activities of those schools. In carrying out its duties under this section, the department shall do all of the following:

(1) In providing technical assistance to proposing parties, governing authorities, and sponsors, conduct training sessions and distribute informational materials;

(2) Approve entities to be sponsors of community schools;

(3) Monitor and evaluate, as required under section 3314.016 of the Revised Code, the effectiveness of any and all sponsors in their oversight of the schools with which they have contracted;

(4) By December thirty-first of each year, issue a report to the governor, the speaker of the house of representatives, the president of the senate, and the chairpersons of the house and senate committees principally responsible for education matters regarding the effectiveness of academic programs, operations, and legal compliance and of the financial condition of all community schools established under this chapter and on the performance of community school sponsors;

(5) From time to time, make legislative recommendations to the general assembly designed to enhance the operation and performance of community schools.

(B)(1) Except as provided in sections 3314.021 and 3314.027 of the Revised Code, no entity listed in division (C)(1) of section 3314.02 of the Revised Code shall enter into a preliminary agreement under division (C)(2) of section 3314.02 of the Revised Code or renew an existing contract to sponsor a community school until it has received approval from the department of education to sponsor community schools under this chapter and has entered into a written agreement with the department regarding the manner in which the entity will conduct such sponsorship.

On and after July 1, 2017, each entity that sponsors a community school in this state, except for an entity described in sections 3314.021 and 3314.027 of the Revised Code, shall attain approval from the department in order to continue sponsoring schools regardless of whether that entity intends to enter into a preliminary agreement or renew an existing contract.

All new and renewed agreements between the department and a sponsor shall contain specific language addressing the parameters under which the department can intervene and potentially revoke sponsorship authority in the event that the sponsor is unwilling or unable to fulfill its obligations. Additionally, each agreement shall set forth any territorial restrictions and limits on the number of schools that entity may sponsor, provide for an annual evaluation process, and include a stipulation permitting the department to modify the agreement under the following

circumstances:

(a) Poor fiscal management;

(b) Lack of academic progress.

~~(2) The initial term of a sponsor's agreement with the department shall be for up to seven-five years. For every year that the sponsor satisfies the conditions of division (B)(1)(a) or (b) of this section, as applicable, the department shall add one year to the agreement term, subject to divisions (C) and (F) of this section, unless the sponsor notifies the department that it does not wish to have the term of the agreement so extended.~~

~~To qualify for the extension of the term of the sponsor's agreement, the sponsor shall satisfy one of the following, as applicable:~~

~~(a) Prior to January 1, 2015, the sponsor is not in the lowest twenty per cent of sponsors statewide according to the composite performance index score as ranked under section 3314.016 of the Revised Code, as that section exists prior to that date, and the sponsor continues to meet all the requirements of this chapter pertaining to community school sponsors.~~

~~(b) On or after January 1, 2015, the sponsor is rated as "exemplary" or "effective" under section 3314.016 of the Revised Code, as that section exists on and after that date, and the sponsor continues to meet all the requirements of this chapter pertaining to community school sponsors.~~

(a) An agreement entered into with the department pursuant to this section may be renewed for a term of up to ten years using the following criteria:

(i) The academic performance of students enrolled in each community school the entity sponsors, as determined by the department pursuant to division (B)(1)(a) of section 3314.016 of the Revised Code;

(ii) The sponsor's adherence to quality practices, as determined by the department pursuant to division (B)(1)(b) of section 3314.016 of the Revised Code;

(iii) The sponsor's compliance with all applicable laws and administrative rules.

(b) Each agreement between the department and a sponsor shall specify that entities with an overall rating of "exemplary" for at least two consecutive years shall 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."

~~(c) The department-state board of education shall adopt in accordance with Chapter 119. of the Revised Code rules containing criteria, procedures, and deadlines for processing applications for approval of sponsors, for oversight of sponsors, for notifying a sponsor of noncompliance with applicable laws and administrative rules under division (F) of this section, for revocation of the approval of sponsors under division (C) of this section, and for entering into written agreements with sponsors. The rules shall require an entity to submit evidence of the entity's ability and willingness to comply with the provisions of division (D) of section 3314.03 of the Revised Code. The rules also shall require all entities approved as sponsors ~~on and after June 30, 2005,~~ to demonstrate a record of financial responsibility and successful implementation of educational programs. If an entity seeking approval ~~on or after June 30, 2005,~~ to sponsor community schools in this state sponsors or operates schools in another state, at least one of the schools sponsored or operated by the entity must be comparable to or better than the performance of Ohio schools in need of continuous improvement under section 3302.03 of the Revised Code, as determined by the department.~~

Subject to section 3314.016 of the Revised Code, an entity that sponsors community schools may enter into preliminary agreements and sponsor up to one hundred schools, provided each school and the contract for sponsorship meets the requirements of this chapter.

~~(2)-(3)~~ The state board of education shall determine, pursuant to criteria specified in rules adopted in accordance with Chapter 119. of the Revised Code, whether the mission proposed to be specified in the contract of a community school to be sponsored by a state university board of

trustees or the board's designee under division (C)(1)(e) of section 3314.02 of the Revised Code complies with the requirements of that division. Such determination of the state board is final.

~~(3)~~~~(4)~~ The state board of education shall determine, pursuant to criteria specified in rules adopted in accordance with Chapter 119. of the Revised Code, if any tax-exempt entity under section 501(c)(3) of the Internal Revenue Code that is proposed to be a sponsor of a community school is an education-oriented entity for purpose of satisfying the condition prescribed in division (C)(1)(f)(iii) of section 3314.02 of the Revised Code. Such determination of the state board is final.

(C) If at any time the state board of education finds that a sponsor is not in compliance or is no longer willing to comply with its contract with any community school or with the department's rules for sponsorship, the state board or designee shall conduct a hearing in accordance with Chapter 119. of the Revised Code on that matter. If after the hearing, the state board or designee has confirmed the original finding, the department of education may revoke the sponsor's approval to sponsor community schools. In that case, the department's office of Ohio school sponsorship, established under section 3314.029 of the Revised Code, may assume the sponsorship of any schools with which the sponsor has contracted until the earlier of the expiration of two school years or until a new sponsor as described in division (C)(1) of section 3314.02 of the Revised Code is secured by the school's governing authority. The office of Ohio school sponsorship may extend the term of the contract in the case of a school for which it has assumed sponsorship under this division as necessary to accommodate the term of the department's authorization to sponsor the school specified in this division. Community schools sponsored under this division shall not apply to the limit on directly authorized community schools under division (A)(3) of section 3314.029 of the Revised Code. However, nothing in this division shall preclude a community school affected by this division from applying for sponsorship under that section.

(D) The decision of the department to disapprove an entity for sponsorship of a community school or to revoke approval for such sponsorship under division (C) of this section, may be appealed by the entity in accordance with section 119.12 of the Revised Code.

(E) The department shall adopt procedures for use by a community school governing authority and sponsor when the school permanently closes and ceases operation, which shall include at least procedures for data reporting to the department, handling of student records, distribution of assets in accordance with section 3314.074 of the Revised Code, and other matters related to ceasing operation of the school.

(F)(1) In lieu of revoking a sponsor's authority to sponsor community schools under division (C) of this section, if the department finds that a sponsor is not in compliance with applicable laws and administrative rules, the department shall declare in a written notice to the sponsor the specific laws or rules, or both, for which the sponsor is noncompliant. A sponsor notified under division (F)(1) of this section shall respond to the department not later than fourteen days after the notification with a proposed plan to remedy the conditions for which the sponsor was found to be noncompliant. The department shall approve or disapprove the plan not later than fourteen days after receiving it. If the plan is disapproved, the sponsor may submit a revised plan to the department not later than fourteen days after receiving notification of disapproval from the department or not later than sixty days after the date the sponsor received notification of noncompliance from the department, whichever is earlier. The department shall approve or disapprove the revised plan not later than fourteen days after receiving it or not later than sixty days after the date the sponsor received notification of noncompliance from the department, whichever is earlier. A sponsor may continue to make revisions by the deadlines prescribed in division (F)(1) of this section to any revised plan that is disapproved by the department until the sixtieth day after the date the sponsor received notification of noncompliance from the department.

If a plan or a revised plan is approved, the sponsor shall implement it not later than sixty days after the date the sponsor received notification of noncompliance from the department or not later than thirty days after the plan is approved, whichever is later. If a sponsor does not respond to the department or implement an approved compliance plan by the deadlines prescribed by division (F)(1) of this section, or if a sponsor does not receive approval of a compliance plan on or before the sixtieth day after the date the sponsor received notification of noncompliance from the department, the department shall declare in written notice to the sponsor that the sponsor is in probationary status, and may limit the sponsor's ability to sponsor additional schools.

(2) A sponsor that has been placed on probationary status under division (F)(1) of this section may apply to the department for its probationary status to be lifted. The application for a sponsor's probationary status to be lifted shall include evidence, occurring after the initial notification of noncompliance, of the sponsor's compliance with applicable laws and administrative rules. Not later than fourteen days after receiving an application from the sponsor, the department shall decide whether or not to remove the sponsor's probationary status.

(G) In carrying out its duties under this chapter, the department shall not impose requirements on community schools or their sponsors that are not permitted by law or duly adopted rules.

(H) This section applies to entities that sponsor conversion community schools and new start-up schools.

(I) Nothing in divisions (C) to (F) of this section prohibits the department from taking any action permitted or required under the written agreement between the department and a sponsoring entity without a hearing on the matter, in the event that the sponsor is unwilling or unable to fulfill its obligations.

Sec. 3314.016. This section applies to any entity that sponsors a community school, regardless of whether section 3314.021 or 3314.027 of the Revised Code exempts the entity from the requirement to be approved for sponsorship under divisions (A)(2) and (B)(1) of section 3314.015 of the Revised Code. The office of Ohio school sponsorship established under section 3314.029 of the Revised Code shall be rated under division (B) of this section, but divisions (A) and (C) of this section do not apply to the office.

(A) An entity that sponsors a community school shall be permitted to enter into contracts under section 3314.03 of the Revised Code to sponsor additional community schools only if the entity meets ~~both~~all of the following criteria:

(1) The entity is in compliance with all provisions of this chapter requiring sponsors of community schools to report data or information to the department of education.

(2) The entity is not rated as "ineffective" under division (B)(6) of this section.

(3) Except as set forth in sections 3314.021 and 3314.027 of the Revised Code, the entity has received approval from and entered into an agreement with the department of education pursuant to section 3314.015 of the Revised Code.

(B)(1) For purposes of this section Beginning with the 2015-2016 school year, the department shall develop and implement an evaluation system that annually rates and assigns an overall rating to each entity that sponsors a community school based on the following components:

(a) Academic performance of students enrolled in community schools sponsored by the same entity;. The academic performance component shall be derived from the performance measures prescribed for the state report cards under section 3302.03 or 3314.017 of the Revised Code, and shall be based on the performance of the schools for the school year for which the evaluation is conducted. In addition to the academic performance for a specific school year, the academic performance component shall also include year-to-year changes in the overall sponsor portfolio. For a community school for which no graded performance measures are applicable or available, the department shall use nonreport card performance measures specified in the contract between the community school and the sponsor under division (A)(4) of section 3314.03 of the Revised Code.

(b) Adherence by a sponsor to the quality practices prescribed by the department under division (B)(3) of this section. ~~The department shall not include this measure in the sponsor evaluation rating system until the department prescribes quality practices and develops an instrument to measure adherence to those practices under division (B)(3) of this section.~~ For a sponsor that was rated "effective" or "exemplary" on its most recent rating, the department may evaluate that sponsor's adherence to quality practices once over a period of three years. If the department elects to evaluate a sponsor once over a period of three years, the most recent rating for a sponsor's adherence to quality practices shall be used when determining an annual overall rating conducted under this section.

(c) Compliance with all applicable laws and administrative rules by an entity that sponsors a community school.

(2) In calculating an academic performance component, the department shall exclude ~~all of the following:~~

~~(a) All~~ all community schools that have been in operation for not more than two full school years;

~~(b) All and all~~ and all community schools described in division (A)(4)(b) of section 3314.35 of the Revised Code. However, the academic performance of the community schools described in division (A)(4)(b) of section 3314.35 of the Revised Code shall be reported, but shall not be used as a factor when determining a sponsoring entity's rating under this section.

(3) The department, in consultation with entities that sponsor community schools, shall prescribe quality practices for community school sponsors and develop an instrument to measure adherence to those quality practices. The quality practices shall be based on standards developed by the national association of charter school authorizers or any other nationally organized community school organization.

(4)(a) The department may permit peer review of a sponsor's adherence to the quality practices prescribed under division (B)(3) of this section. Peer reviewers shall be limited to individuals employed by sponsors rated "effective" or "exemplary" on the most recent ratings conducted under this section.

(b) The department shall require individuals participating in peer review under division (B)(4)(a) of this section to complete training approved or established by the department.

(c) The department may enter into an agreement with another entity to provide training to individuals conducting peer review of sponsors. Prior to entering into an agreement with an entity, the department shall review and approve of the entity's training program.

(5) Not later than July 1, 2013, the state board of education shall adopt rules in accordance with Chapter 119. of the Revised Code prescribing standards for measuring compliance with applicable laws and rules under division (B)(1)(c) of this section.

(6) The department annually shall rate all entities that sponsor community schools as either "exemplary," "effective," ~~or~~ "ineffective," or "poor," based on the components prescribed by division (B) of this section, where each component is weighted equally, ~~except that entities sponsoring community schools for the first time may be assigned the rating of "emerging" for only the first two consecutive years. A separate rating shall be given by the department for each component of the evaluation system.~~

The department shall publish the ratings between the first day of October and the fifteenth day of October.

The department shall provide training on an annual basis regarding the evaluation system prescribed under this section. The training shall, at a minimum, describe methodology, timelines, and data required for the evaluation system. The first training session shall occur not later than thirty days after the effective date of this section.

~~(7)(a) Prior to the 2014-2015 school year, student academic performance prescribed under division (B)(1)(a) of this section shall not include student academic performance data from~~

~~community schools that primarily serve students enrolled in a dropout prevention and recovery program as described in division (A)(4)(a) of section 3314.35 of the Revised Code.~~

~~(b) Entities with an overall rating of "exemplary" for at least two consecutive years may take advantage of the following incentives:~~

~~(i) Renewal of the written agreement with the department, not to exceed ten years, provided that the entity consents to continued evaluation of adherence to quality practices as described in division (B)(1)(b) of this section;~~

~~(ii) The ability to extend the term of the contract between the sponsoring entity and the community school beyond the term described in the written agreement with the department;~~

~~(iii) An exemption from the preliminary agreement and contract adoption and execution deadline requirements prescribed in division (D) of section 3314.02 of the Revised Code;~~

~~(iv) An exemption from the automatic contract expiration requirement, should a new community school fail to open by the thirtieth day of September of the calendar year in which the community school contract is executed;~~

~~(v) No limit on the number of community schools the entity may sponsor;~~

~~(vi) No territorial restrictions on sponsorship.~~

~~An entity may continue to sponsor any community schools with which it entered into agreements under division (B)(7)(a)(v) or (vi) of this section while rated "exemplary," notwithstanding the fact that the entity later receives a lower overall rating.~~

~~(b)(i) Entities that receive an overall rating of "ineffective" shall be prohibited from sponsoring any new or additional community schools during the time in which the sponsor is rated as "ineffective" and shall be subject to a quality improvement plan based on correcting the deficiencies that led to the "ineffective" rating, with timelines and benchmarks that have been established by the department.~~

~~(ii) Entities that receive an overall rating of "ineffective" on their three most recent ratings shall have all sponsorship authority revoked. Within thirty days after receiving its third rating of "ineffective," the entity may appeal the revocation of its sponsorship authority to the superintendent of public instruction, who shall appoint an independent hearing officer to conduct a hearing in accordance with Chapter 119. of the Revised Code. The hearing shall be conducted within thirty days after receipt of the notice of appeal. Within forty-five days after the hearing is completed, the state board of education shall determine whether the revocation is appropriate based on the hearing conducted by the independent hearing officer, and if determined appropriate, the revocation shall be confirmed.~~

~~(c) Entities that receive an overall rating of "poor" shall have all sponsorship authority revoked. Within thirty days after receiving a rating of "poor," the entity may appeal the revocation of its sponsorship authority to the superintendent of public instruction, who shall appoint an independent hearing officer to conduct a hearing in accordance with Chapter 119. of the Revised Code. The hearing shall be conducted within thirty days after receipt of the notice of appeal. Within forty-five days after the hearing is completed, the state board of education shall determine whether the revocation is appropriate based on the hearing conducted by the independent hearing officer, and if determined appropriate, the revocation shall be confirmed.~~

~~(8) For the 2014-2015 school year and each school year thereafter, student academic performance prescribed under division (B)(1)(a) of this section shall include student academic performance data from community schools that primarily serve students enrolled in a dropout prevention and recovery program.~~

~~(C) If the governing authority of a community school enters into a contract with a sponsor prior to the date on which the sponsor is prohibited from sponsoring additional schools under division (A) of this section and the school has not opened for operation as of that date, that contract shall be void and the school shall not open until the governing authority secures a new sponsor by entering into a contract with the new sponsor under section 3314.03 of the Revised~~

Code. However, the department's office of Ohio school sponsorship, established under section 3314.029 of the Revised Code, may assume the sponsorship of the school until the earlier of the expiration of two school years or until a new sponsor is secured by the school's governing authority. A community school sponsored by the department under this division shall not be included when calculating the maximum number of directly authorized community schools permitted under division (A)(3) of section 3314.029 of the Revised Code.

(D) When an entity's authority to sponsor schools is revoked pursuant to division (B)(7)(b) or (c) of this section, the office of Ohio school sponsorship shall assume sponsorship of any schools with which the original sponsor has contracted for the remainder of that school year. The office may continue sponsoring those schools until the earlier of:

(1) The expiration of two school years from the time that sponsorship is revoked;

(2) When a new sponsor is secured by the governing authority pursuant to division (C)(1) of section 3314.02 of the Revised Code.

Any community school sponsored under this division shall not be counted for purposes of directly authorized community schools under division (A)(3) of section 3314.029 of the Revised Code.

Sec. 3314.019. A community school's sponsor shall communicate with the auditor of state regarding an audit of the school or the condition of financial and enrollment records of the school, and shall maintain a presence at any and all meetings with the auditor of state regardless of whether the sponsor has entered into an agreement with another entity to perform all or part of the sponsor's oversight duties.

Sec. 3314.02. (A) As used in this chapter:

(1) "Sponsor" means the board of education of a school district or the governing board of an educational service center that agrees to the conversion of all or part of a school or building under division (B) of this section, or an entity listed in division (C)(1) of this section, which has been approved by the department of education to sponsor community schools or is exempted by section 3314.021 or 3314.027 of the Revised Code from obtaining approval, and with which the governing authority of a community school enters into a contract under section 3314.03 of the Revised Code.

(2) "Pilot project area" means the school districts included in the territory of the former community school pilot project established by former Section 50.52 of Am. Sub. H.B. No. 215 of the 122nd general assembly.

(3) "Challenged school district" means any of the following:

(a) A school district that is part of the pilot project area;

(b) A school district that meets one of the following conditions:

(i) On March 22, 2013, the district was in a state of academic emergency or in a state of academic watch under section 3302.03 of the Revised Code, as that section existed prior to March 22, 2013;

(ii) For two of the 2012-2013, 2013-2014, 2014-2015, and 2015-2016 school years, the district received a grade of "D" or "F" for the performance index score and a grade of "F" for the value-added progress dimension under section 3302.03 of the Revised Code;

(iii) For the 2016-2017 school year and for any school year thereafter, the district has received an overall grade of "D" or "F" under division (C)(3) of section 3302.03 of the Revised Code, or, for at least two of the three most recent school years, the district received a grade of "F" for the value-added progress dimension under division (C)(1)(e) of that section.

(c) A big eight school district;

(d) A school district ranked in the lowest five per cent of school districts according to performance index score under section 3302.21 of the Revised Code.

(4) "Big eight school district" means a school district that for fiscal year 1997 had both of the following:

(a) A percentage of children residing in the district and participating in the predecessor of Ohio works first greater than thirty per cent, as reported pursuant to section 3317.10 of the Revised Code;

(b) An average daily membership greater than twelve thousand, as reported pursuant to former division (A) of section 3317.03 of the Revised Code.

(5) "New start-up school" means a community school other than one created by converting all or part of an existing public school or educational service center building, as designated in the school's contract pursuant to division (A)(17) of section 3314.03 of the Revised Code.

(6) "Urban school district" means one of the state's twenty-one urban school districts as defined in division (O) of section 3317.02 of the Revised Code as that section existed prior to July 1, 1998.

(7) "Internet- or computer-based community school" means a community school established under this chapter in which the enrolled students work primarily from their residences on assignments in nonclassroom-based learning opportunities provided via an internet- or other computer-based instructional method that does not rely on regular classroom instruction or via comprehensive instructional methods that include internet-based, other computer-based, and noncomputer-based learning opportunities unless a student receives career-technical education under section 3314.086 of the Revised Code.

A community school that operates mainly as an internet- or computer-based community school and provides career-technical education under section 3314.086 of the Revised Code shall be considered an internet- or computer-based community school, even if it provides some classroom-based instruction, so long as it provides instruction via the methods described in this division.

(8) "Operator" means either of the following:

(a) An individual or organization that manages the daily operations of a community school pursuant to a contract between the operator and the school's governing authority;

(b) A nonprofit organization that provides programmatic oversight and support to a community school under a contract with the school's governing authority and that retains the right to terminate its affiliation with the school if the school fails to meet the organization's quality standards.

(9) "Alliance municipal school district" has the same meaning as in section 3311.86 of the Revised Code.

(B)(1) Any person or group of individuals may initially propose under this division the conversion of all or a portion of a public school to a community school. The proposal shall be made to the board of education of the city, local, exempted village, or joint vocational school district in which the public school is proposed to be converted.

(2) Any person or group of individuals may initially propose under this division the conversion of all or a portion of a building operated by an educational service center to a community school. The proposal shall be made to the governing board of the service center.

~~An~~ On or after July 1, 2017, except as provided in section 3314.027 of the Revised Code, any educational service center that sponsors a community school ~~in accordance with this division~~ shall be approved by and enter into a written agreement with the department as described in section 3314.015 of the Revised Code.

(3) Upon receipt of a proposal, and after an agreement has been entered into pursuant to section 3314.015 of the Revised Code, a board may enter into a preliminary agreement with the person or group proposing the conversion of the public school or service center building, indicating the intention of the board to support the conversion to a community school. A proposing person or group that has a preliminary agreement under this division may proceed to finalize plans for the school, establish a governing authority for the school, and negotiate a contract with the board. Provided the proposing person or group adheres to the preliminary

agreement and all provisions of this chapter, the board shall negotiate in good faith to enter into a contract in accordance with section 3314.03 of the Revised Code and division (C) of this section.

(4) The sponsor of a conversion community school proposed to open in an alliance municipal school district shall be subject to approval by the department of education for sponsorship of that school using the criteria established under division (A) of section 3311.87 of the Revised Code.

Division (B)(4) of this section does not apply to a sponsor that, on or before ~~the effective date of this amendment~~ September 29, 2015, was exempted under section 3314.021 or 3314.027 of the Revised Code from the requirement to be approved for sponsorship under divisions (A)(2) and (B)(1) of section 3314.015 of the Revised Code.

(C)(1) Any person or group of individuals may propose under this division the establishment of a new start-up school to be located in a challenged school district. The proposal may be made to any of the following entities:

(a) The board of education of the district in which the school is proposed to be located;

(b) The board of education of any joint vocational school district with territory in the county in which is located the majority of the territory of the district in which the school is proposed to be located;

(c) The board of education of any other city, local, or exempted village school district having territory in the same county where the district in which the school is proposed to be located has the major portion of its territory;

(d) The governing board of any educational service center, regardless of the location of the proposed school, may sponsor a new start-up school in any challenged school district in the state if all of the following are satisfied:

(i) If applicable, it satisfies the requirements of division (E) of section 3311.86 of the Revised Code;

(ii) It is approved to do so by the department;

(iii) It enters into an agreement with the department under section 3314.015 of the Revised Code.

(e) A sponsoring authority designated by the board of trustees of any of the thirteen state universities listed in section 3345.011 of the Revised Code or the board of trustees itself as long as a mission of the proposed school to be specified in the contract under division (A)(2) of section 3314.03 of the Revised Code and as approved by the department under division (B)(~~2~~) (3) of section 3314.015 of the Revised Code will be the practical demonstration of teaching methods, educational technology, or other teaching practices that are included in the curriculum of the university's teacher preparation program approved by the state board of education;

(f) Any qualified tax-exempt entity under section 501(c)(3) of the Internal Revenue Code as long as all of the following conditions are satisfied:

(i) The entity has been in operation for at least five years prior to applying to be a community school sponsor.

(ii) The entity has assets of at least five hundred thousand dollars and a demonstrated record of financial responsibility.

(iii) The department has determined that the entity is an education-oriented entity under division (B)(3) of section 3314.015 of the Revised Code and the entity has a demonstrated record of successful implementation of educational programs.

(iv) The entity is not a community school.

(g) The mayor of a city in which the majority of the territory of a school district to which section 3311.60 of the Revised Code applies is located, regardless of whether that district has created the position of independent auditor as prescribed by that section. The mayor's sponsorship authority under this division is limited to community schools that are located in that school district. Such mayor may sponsor community schools only with the approval of the city council of that city, after establishing standards with which community schools sponsored by the

mayor must comply, and after entering into a sponsor agreement with the department as prescribed under section 3314.015 of the Revised Code. The mayor shall establish the standards for community schools sponsored by the mayor not later than one hundred eighty days after July 15, 2013, and shall submit them to the department upon their establishment. The department shall approve the mayor to sponsor community schools in the district, upon receipt of an application by the mayor to do so. Not later than ninety days after the department's approval of the mayor as a community school sponsor, the department shall enter into the sponsor agreement with the mayor.

Any entity described in division (C)(1) of this section may enter into a preliminary agreement pursuant to division (C)(2) of this section with the proposing person or group, provided that entity has been approved by and entered into a written agreement with the department pursuant to section 3314.015 of the Revised Code.

(2) A preliminary agreement indicates the intention of an entity described in division (C)(1) of this section to sponsor the community school. A proposing person or group that has such a preliminary agreement may proceed to finalize plans for the school, establish a governing authority as described in division (E) of this section for the school, and negotiate a contract with the entity. Provided the proposing person or group adheres to the preliminary agreement and all provisions of this chapter, the entity shall negotiate in good faith to enter into a contract in accordance with section 3314.03 of the Revised Code.

(3) A new start-up school that is established in a school district described in either division (A)(3)(b) or (d) of this section may continue in existence once the school district no longer meets the conditions described in either division, provided there is a valid contract between the school and a sponsor.

(4) A copy of every preliminary agreement entered into under this division shall be filed with the superintendent of public instruction.

(D) A majority vote of the board of a sponsoring entity and a majority vote of the members of the governing authority of a community school shall be required to adopt a contract and convert the public school or educational service center building to a community school or establish the new start-up school. Beginning September 29, 2005, adoption of the contract shall occur not later than the fifteenth day of March, and signing of the contract shall occur not later than the fifteenth day of May, prior to the school year in which the school will open. The governing authority shall notify the department of education when the contract has been signed. Subject to sections 3314.013 and 3314.016 of the Revised Code, an unlimited number of community schools may be established in any school district provided that a contract is entered into for each community school pursuant to this chapter.

(E)(1) As used in this division, "immediate relatives" are limited to spouses, children, parents, grandparents, siblings, and in-laws.

Each new start-up community school established under this chapter shall be under the direction of a governing authority which shall consist of a board of not less than five individuals.

(2)(a) No person shall serve on the governing authority or operate the community school under contract with the governing authority so long as the person under any of the following circumstances:

(i) The person owes the state any money or is in a dispute over whether the person owes the state any money concerning the operation of a community school that has closed.

(ii) The person would otherwise be subject to division (B) of section 3319.31 of the Revised Code with respect to refusal, limitation, or revocation of a license to teach, if the person were a licensed educator.

(iii) The person has pleaded guilty to or been convicted of theft in office under section 2921.41 of the Revised Code, or has pleaded guilty to or been convicted of a substantially similar offense in another state.

(b) No person shall serve on the governing authority or engage in the financial day-to-day management of the community school under contract with the governing authority unless and until that person has submitted to a criminal records check in the manner prescribed by section 3319.39 of the Revised Code.

(c) Each sponsor of a community school shall annually verify that a finding for recovery has not been issued by the auditor of state against any individual or individuals who propose to create a community school or any member of the governing authority, the operator, or any employee of each community school.

~~(2)-(3)~~ No person shall serve on the governing authorities of more than five start-up community schools at the same time.

~~(3)-(4)~~ No present or former member, or immediate relative of a present or former member, of the governing authority of any community school established under this chapter shall be an owner, employee, or consultant of any sponsor or operator of a community school, unless at least one year has elapsed since the conclusion of the person's membership.

~~(4)-(5)~~ The governing authority of a start-up or conversion community school may provide by resolution for the compensation of its members. However, no individual who serves on the governing authority of a start-up or conversion community school shall be compensated more than ~~four~~ one hundred twenty-five dollars per meeting of that governing authority and no such individual shall be compensated more than a total amount of five thousand dollars per year for all governing authorities upon which the individual serves. Each member of the governing authority may be paid compensation for attendance at an approved training program, provided that such compensation shall not exceed sixty dollars a day for attendance at a training program three hours or less in length and one hundred twenty-five dollars a day for attendance at a training program longer than three hours in length.

(6) No person who is the employee of a school district or educational service center shall serve on the governing authority of any community school sponsored by that school district or service center.

(7) Each member of the governing authority of a community school shall 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:

(a) The sponsor or operator of that community school;

(b) A school district or educational service center that has contracted with that community school;

(c) A vendor that is or has engaged in business with that community school.

(8) No person who is a member of a school district board of education shall serve on the governing authority of any community school.

(F)(1) A new start-up school that is established prior to August 15, 2003, in an urban school district that is not also a big-eight school district may continue to operate after that date and the contract between the school's governing authority and the school's sponsor may be renewed, as provided under this chapter, after that date, but no additional new start-up schools may be established in such a district unless the district is a challenged school district as defined in this section as it exists on and after that date.

(2) A community school that was established prior to June 29, 1999, and is located in a county contiguous to the pilot project area and in a school district that is not a challenged school district may continue to operate after that date, provided the school complies with all provisions of this chapter. The contract between the school's governing authority and the school's sponsor may be renewed, but no additional start-up community school may be established in that district unless the district is a challenged school district.

(3) Any educational service center that, on June 30, 2007, sponsors a community school that is not located in a county within the territory of the service center or in a county contiguous to

such county may continue to sponsor that community school on and after June 30, 2007, and may renew its contract with the school. However, the educational service center shall not enter into a contract with any additional community school, unless the governing board of the service center has entered into an agreement with the department authorizing the service center to sponsor a community school in any challenged school district in the state.

Sec. 3314.021. (A) This section applies to any entity that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code and that satisfies the conditions specified in divisions (C)(1)(f)(ii) and (iii) of section 3314.02 of the Revised Code but does not satisfy the condition specified in division (C)(1)(f)(i) of that section.

(B) Notwithstanding division (C)(1)(f)(i) of section 3314.02 of the Revised Code, and subject to division (D)(2) of this section, an entity described in division (A) of this section may do both of the following without obtaining the department of education's initial approval of its sponsorship under divisions (A)(2) and (B)(1) of section 3314.015 of the Revised Code:

(1) Succeed the board of trustees of a state university located in the pilot project area or that board's designee as the sponsor of a community school established under this chapter;

(2) Continue to sponsor that school in conformance with the terms of the contract between the board of trustees or its designee and the governing authority of the community school and renew that contract as provided in division (E) of section 3314.03 of the Revised Code.

(C) The entity that succeeds the board of trustees or the board's designee as sponsor of a community school under division (B) of this section also may enter into contracts to sponsor other community schools located in any challenged school district, without obtaining the department's initial approval of its sponsorship of those schools under divisions (A)(2) and (B)(1) of section 3314.015 of the Revised Code as long as the contracts conform with and the entity complies with all other requirements of this chapter.

(D)(1) Regardless of the entity's authority to sponsor community schools without the initial approval of the department, the entity is under the continuing oversight of the department in accordance with rules adopted under section 3314.015 of the Revised Code.

(2) If an entity described in division (A) of this section receives a rating below "effective" under division (B) of section 3314.016 of the Revised Code for two or more consecutive years, that entity shall receive approval from the department of education to sponsor community schools and enter into a written agreement with the department in accordance with division (B)(1) of section 3314.015 of the Revised Code prior to entering into any further preliminary agreements under division (C)(2) of section 3314.02 of the Revised Code or renewing any existing contract to sponsor a community school.

Sec. 3314.023. A sponsor shall provide monitoring, oversight, and technical assistance to each school that it sponsors. In order to provide monitoring, oversight, and technical assistance, a representative of the sponsor of a community school shall meet with the governing authority or fiscal officer of the school and shall review the financial and enrollment records of the school at least once every month. Not later than ten days after each review, the sponsor shall provide the governing authority and fiscal officer with a written report regarding the review. Copies of those financial and enrollment records shall be furnished to the community school sponsor and operator, members of the governing authority, and the fiscal officer designated in section 3314.011 of the Revised Code on a monthly basis.

If a community school closes or is permanently closed, the designated fiscal officer shall deliver all financial and enrollment records to the school's sponsor within thirty days of the school's closure. If the fiscal officer fails to provide the records in a timely manner, or fails to faithfully perform any of the fiscal officer's other duties, the sponsor has the right of action against the fiscal officer to compel delivery of all financial and enrollment records of the school and shall, if necessary, seek recovery of any funds owed as a result of any finding of recovery by the auditor of state against the fiscal officer.

For purposes of this chapter, "monitoring, oversight, and technical assistance" shall include the following:

(A) Monitoring the community school's compliance with all laws applicable to the school and with the terms of the contract;

(B) Monitoring and evaluating the academic and fiscal performance and the organization and operation of the community school on at least an annual basis. The evaluation of a school's academic and fiscal performance shall be based on the performance requirements specified in the contract between the sponsor and the governing authority under section 3314.03 of the Revised Code, the state report cards issued for the school under section 3302.03 or 3314.017 of the Revised Code, and any other analysis conducted by the department of education.

(C) Reporting on an annual basis the results of the evaluation conducted under division (D)(2) of section 3314.03 of the Revised Code to the department of education and to the parents of students enrolled in the community school;

(D) Providing technical assistance to the community school in complying with laws applicable to the school and terms of the contract;

(E) Taking steps to intervene in the school's operation to correct problems in the school's overall performance, declaring the school to be on probationary status pursuant to section 3314.073 of the Revised Code, suspending the operation of the school pursuant to section 3314.072 of the Revised Code, or terminating the contract of the school pursuant to section 3314.07 of the Revised Code as determined necessary by the sponsor;

(F) 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.

(G) Other activities designed to specifically benefit the community school the entity sponsors.

Sec. 3314.024. (A) A management company that ~~provides services to a community school that amounts to~~ receives more than twenty per cent of the annual gross revenues of the a community school shall provide a detailed accounting including the nature and costs of the goods and services it provides to the community school. This information shall be included in the footnotes of the financial statements of the school reported using the categories and designations set forth in divisions (B) and (C) of this section, as applicable.

(B) The detailed accounting shall include the following categories of expenses for each designation as set forth in division (C) of this section:

- (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.

(C) The expenses set forth in division (B) of this section shall 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) Noninstructional activities.

(D) The information provided pursuant to this section shall be subject to audit verification through examination of community school records during the course of the regular financial audit of the community school.

Sec. 3314.025. (A) Beginning with the 2016-2017 school year, each sponsor of a community school shall submit, not later than the fifteenth day of August of each year, a report to the department of education, using the format and manner prescribed by the department as set forth in division (B) of this section, describing the amount and type of expenditures made to provide monitoring, oversight, and technical assistance to the community schools it sponsors. The report shall also be submitted to the governing authority of the community school.

(B) Not later than ninety days after the effective date of this section, the department shall establish requirements and a reporting procedure to aid each sponsor in complying with division (A) of this section. The department shall require that each report include at least the following types of expenditures made to provide oversight, monitoring, and technical assistance to the community school it sponsors:

- (1) Employee salaries, wages, benefits, and other compensation;
- (2) All purchased or contracted services;
- (3) Materials and supplies;
- (4) Equipment, furniture, and fixtures;
- (5) Facilities;
- (6) Other expenditures.

(C) The report submitted under this section shall be a factor when evaluating a sponsor's compliance with applicable law and administrative rules as prescribed under division (B)(1)(c) of section 3314.016 of the Revised Code. The report also may be used as a factor when evaluating a sponsor's adherence to quality practices as prescribed under division (B)(1)(b) of that section.

Sec. 3314.027. Notwithstanding the requirement for initial approval of sponsorship by the department of education prescribed in divisions (A)(2) and (B)(1) of section 3314.015 of the Revised Code and any geographical restriction or mission requirement prescribed in division (C) (1) of section 3314.02 of the Revised Code, an entity that has entered into a contract to sponsor a community school on April 8, 2003, may continue to sponsor the school in conformance with the terms of that contract and also may enter into new contracts to sponsor community schools after April 8, 2003, as long as the contracts conform to and the entity complies with all other provisions of this chapter.

Regardless of the entity's authority to sponsor community schools without the initial approval of the department, each entity described in this section is under the continuing oversight of the department in accordance with rules adopted under section 3314.015 of the Revised Code.

If an entity to which this section applies receives a rating below "effective" under division (B) of section 3314.016 of the Revised Code for two or more consecutive years, that entity shall receive approval from the department of education to sponsor community schools and enter into a written agreement with the department in accordance with division (B)(1) of section 3314.015 of the Revised Code prior to entering into any further preliminary agreements under division (C) (2) of section 3314.02 of the Revised Code or renewing any existing contract to sponsor a community school.

Sec. 3314.029. This section establishes the Ohio school sponsorship program. The department of education shall establish an office of Ohio school sponsorship to perform the department's duties prescribed by this section.

(A)(1) Notwithstanding anything to the contrary in this chapter, any person, group of individuals, or entity may apply to the department for direct authorization to establish a community school and, upon approval of the application, may establish the school. Notwithstanding anything to the contrary in this chapter, the governing authority of an existing community school, upon the expiration or termination of its contract with the school's sponsor entered into under section 3314.03 of the Revised Code, may apply to the department for direct authorization to continue operating the school and, upon approval of the application, may continue to operate the school. The department may establish a format and deadlines for an application.

Each application submitted to the department shall include the following:

- (a) Evidence that the applicant will be able to comply with division (C) of this section;
- (b) A statement indicating that the applicant agrees to comply with all applicable provisions of this chapter, including the requirement to be established as a nonprofit corporation or public benefit corporation in accordance with division (A)(1) of section 3314.03 of the Revised Code;
- (c) A statement attesting that no unresolved finding of recovery has been issued by the auditor of state against any person, group of individuals, or entity that is a party to the application and that no person who is party to the application has been a member of the governing authority of any community school that has permanently closed and against which an unresolved finding of recovery has been issued by the auditor of state. In the case of an application submitted by the governing authority of an existing community school, a person who is party to the application shall include each individual member of that governing authority.
- (d) A statement that the school will be nonsectarian in its programs, admission policies, employment practices, and all other operations, and will not be operated by a sectarian school or religious institution;
- (e) A statement of whether the school is to be created by converting all or part of an existing public school or educational service center building or is to be a new start-up school. If it is a converted public school or service center building, the statement shall include a specification of any duties or responsibilities of an employer that the board of education or service center governing board that operated the school or building before conversion is delegating to the governing authority of the community school with respect to all or any specified group of employees, provided the delegation is not prohibited by a collective bargaining agreement applicable to such employees.
- (f) A statement that the school's teachers will be licensed in the manner prescribed by division (A)(10) of section 3314.03 of the Revised Code;
- (g) A statement that the school will comply with all of the provisions of law enumerated in divisions (A)(11)(d) and (e) of section 3314.03 of the Revised Code and of division (A)(11)(h) of that section, if applicable;
- (h) A statement that the school's graduation and curriculum requirements will comply with division (A)(11)(f) of section 3314.03 of the Revised Code;
- (i) A description of each of the following:
 - (i) The school's mission and educational program, the characteristics of the students the school is expected to attract, the ages and grade levels of students, and the focus of the curriculum;
 - (ii) The school's governing authority, which shall be in compliance with division (E) of section 3314.02 of the Revised Code;
 - (iii) The school's admission and dismissal policies, which shall be in compliance with divisions (A)(5) and (6) of section 3314.03 of the Revised Code;

- (iv) The school's business plan, including a five-year financial forecast;
- (v) In the case of an application to establish a community school, the applicant's resources and capacity to establish and operate the school;
- (vi) The school's academic goals to be achieved and the method of measurement that will be used to determine progress toward those goals, which shall include the statewide achievement assessments;
- (vii) The facilities to be used by the school and their locations;
- (viii) A description of the learning opportunities that will be offered to students including both classroom-based and nonclassroom-based learning opportunities that are in compliance with criteria for student participation established by the department under division (H)(2) of section 3314.08 of the Revised Code.

(2) ~~Subject to division (A)(3) of this section, the department shall~~ may approve each application, unless, within thirty days after receipt of the application, the department determines that the application does not satisfy the requirements of division (A)(1) of this section and provides the applicant a written explanation of the reasons for the determination. In that case, the department shall grant the applicant thirty days to correct the insufficiencies in the application. If the department determines that the insufficiencies have been corrected, it shall approve the application. If the department determines that the insufficiencies have not been corrected, it shall deny the application and provide the applicant with a written explanation of the reasons for the denial. The denial of an application may be appealed in accordance with section 119.12 of the Revised Code or deny an application, taking into consideration the standards for quality authorizing, capacity requirements, financial constraints, or any other criteria it determines necessary and appropriate. The department shall adopt the criteria not later than sixty days after the effective date of this amendment. The department shall assign each applicant school a rating established for a new start-up community school or an existing community school, as applicable.

The department of education shall annually publish on its web site the criteria it uses to approve or deny an application submitted pursuant to this section.

(3) For each of five school years, beginning with the school year that begins in the calendar year in which this section takes effect, the department may approve up to twenty applications for community schools to be established or to continue operation under division (A) of this section; however, of the twenty applications that may be approved each school year, only up to five may be for the establishment of new schools.

(4) Notwithstanding division (A)(2) of this section, the department may deny an application submitted by the governing authority of an existing community school, if a previous sponsor of that school did not renew its contract or terminated its contract with the school entered into under section 3314.03 of the Revised Code.

(5) In the case of a proposed new community school to be located in an alliance municipal school district, the department shall not approve the application of that community school unless both of the following apply:

(a) The department approves the application using the requirements of divisions (A)(1)(a) to (h) of this section and the criteria developed under division (A)(2) of this section.

(b) The department has determined that the applicant has requested and received a recommendation from the alliance in the manner prescribed by divisions (E)(1) and (2) of section 3311.86 of the Revised Code.

As used in this section, "alliance municipal school district" and "alliance" have the same meanings as in section 3311.86 of the Revised Code.

(B) The department and the governing authority of each community school authorized under this section shall enter into a contract under section 3314.03 of the Revised Code. Notwithstanding division (A)(13) of that section, the contract with an existing community school may begin at any time during the academic year. The length of the initial contract of any

community school under this section may be for any term up to five years. The contract may be renewed in accordance with division (E) of that section. The contract may provide for the school's governing authority to pay a fee for oversight and monitoring of the school that does not exceed three per cent of the total amount of payments for operating expenses that the school receives from the state.

(C) The department may require a community school authorized under this section to post and file with the superintendent of public instruction a bond payable to the state or to file with the state superintendent a guarantee, which shall be used to pay the state any moneys owed by the community school in the event the school closes.

(D) Except as otherwise provided in this section, a community school authorized under this section shall comply with all applicable provisions of this chapter. The department may take any action that a sponsor may take under this chapter to enforce the school's compliance with this division and the terms of the contract entered into under division (B) of this section.

(E) Not later than December 31, 2012, and annually thereafter, the department shall issue a report on the program, including information about the number of community schools participating in the program and their compliance with the provisions of this chapter. In its fifth report, the department shall include a complete evaluation of the program and recommendations regarding the program's continuation. Each report shall be provided to the general assembly, in accordance with section 101.68 of the Revised Code, and to the governor.

Sec. 3314.0210. When an operator or management company purchases furniture, computers, software, equipment, or other personal property for use in the operation of a community school under this chapter with state funds that were paid to the operator or management company by the community school as payment for services rendered, such property is property of that school and is not property of the operator or management company.

When a community school permanently closes and ceases its operation as a community school, any property that was acquired by the operator or management company of the school in the manner described in this section shall be distributed in accordance with division (E) of section 3314.015 and section 3314.074 of the Revised Code.

Sec. 3314.03. A copy of every contract entered into under this section shall be filed with the superintendent of public instruction. The department of education shall make available on its web site a copy of every approved, executed contract filed with the superintendent under this section.

(A) Each contract entered into between a sponsor and the governing authority of a community school shall specify the following:

(1) That the school shall be established as either of the following:

(a) A nonprofit corporation established under Chapter 1702. of the Revised Code, if established prior to April 8, 2003;

(b) A public benefit corporation established under Chapter 1702. of the Revised Code, if established after April 8, 2003.

(2) The education program of the school, including the school's mission, the characteristics of the students the school is expected to attract, the ages and grades of students, and the focus of the curriculum;

(3) The academic goals to be achieved and the method of measurement that will be used to determine progress toward those goals, which shall include the statewide achievement assessments;

(4) Performance standards, including but not limited to all applicable report card measures set forth in section 3302.03 or 3314.017 of the Revised Code, by which the success of the school will be evaluated by the sponsor;

(5) The admission standards of section 3314.06 of the Revised Code and, if applicable, section 3314.061 of the Revised Code;

(6)(a) Dismissal procedures;

(b) A requirement that the governing authority adopt an attendance policy that includes a procedure for automatically withdrawing a student from the school if the student without a legitimate excuse fails to participate in one hundred five consecutive hours of the learning opportunities offered to the student.

(7) The ways by which the school will achieve racial and ethnic balance reflective of the community it serves;

(8) Requirements for financial audits by the auditor of state. The contract shall require financial records of the school to be maintained in the same manner as are financial records of school districts, pursuant to rules of the auditor of state. Audits shall be conducted in accordance with section 117.10 of the Revised Code.

(9) The An addendum to the contract outlining the facilities to be used and their locations; that contains at least the following information:

(a) A detailed description of each facility used for instructional purposes;

(b) The annual costs associated with leasing each facility that are paid by or on behalf of the school;

(c) The annual mortgage principal and interest payments that are paid by the school;

(d) The name of the lender or landlord, identified as such, and the lender's or landlord's relationship to the operator, if any.

(10) Qualifications of teachers, including a requirement that the school's classroom teachers be licensed in accordance with sections 3319.22 to 3319.31 of the Revised Code, except that a community school may engage noncertificated persons to teach up to twelve hours per week pursuant to section 3319.301 of the Revised Code.

(11) That the school will comply with the following requirements:

(a) The school will provide learning opportunities to a minimum of twenty-five students for a minimum of nine hundred twenty hours per school year.

(b) The governing authority will purchase liability insurance, or otherwise provide for the potential liability of the school.

(c) The school will be nonsectarian in its programs, admission policies, employment practices, and all other operations, and will not be operated by a sectarian school or religious institution.

(d) The school will comply with sections 9.90, 9.91, 109.65, 121.22, 149.43, 2151.357, 2151.421, 2313.19, 3301.0710, 3301.0711, 3301.0712, 3301.0715, 3301.948, 3313.472, 3313.50, 3313.536, 3313.539, 3313.608, 3313.609, 3313.6012, 3313.6013, 3313.6014, 3313.6015, 3313.6020, 3313.643, 3313.648, 3313.6411, 3313.66, 3313.661, 3313.662, 3313.666, 3313.667, 3313.67, 3313.671, 3313.672, 3313.673, 3313.69, 3313.71, 3313.716, 3313.718, 3313.719, 3313.7112, 3313.80, 3313.814, 3313.816, 3313.817, 3313.86, 3313.89, 3313.96, 3319.073, 3319.321, 3319.39, 3319.391, 3319.41, 3319.46, 3321.01, 3321.041, 3321.13, 3321.14, 3321.17, 3321.18, 3321.19, 3321.191, 3327.10, 4111.17, 4113.52, and 5705.391 and Chapters 117., 1347., 2744., 3365., 3742., 4112., 4123., 4141., and 4167. of the Revised Code as if it were a school district and will comply with section 3301.0714 of the Revised Code in the manner specified in section 3314.17 of the Revised Code.

(e) The school shall comply with Chapter 102. and section 2921.42 of the Revised Code.

(f) The school will comply with sections 3313.61, 3313.611, and 3313.614 of the Revised Code, except that for students who enter ninth grade for the first time before July 1, 2010, the requirement in sections 3313.61 and 3313.611 of the Revised Code that a person must successfully complete the curriculum in any high school prior to receiving a high school diploma may be met by completing the curriculum adopted by the governing authority of the community school rather than the curriculum specified in Title XXXIII of the Revised Code or any rules of the state board of education. Beginning with students who enter ninth grade for the first time on or after July 1, 2010, the requirement in sections 3313.61 and 3313.611 of the Revised Code that

a person must successfully complete the curriculum of a high school prior to receiving a high school diploma shall be met by completing the requirements prescribed in division (C) of section 3313.603 of the Revised Code, unless the person qualifies under division (D) or (F) of that section. Each school shall comply with the plan for awarding high school credit based on demonstration of subject area competency, adopted by the state board of education under division (J) of section 3313.603 of the Revised Code.

(g) The school governing authority will submit within four months after the end of each school year a report of its activities and progress in meeting the goals and standards of divisions (A)(3) and (4) of this section and its financial status to the sponsor and the parents of all students enrolled in the school.

(h) The school, unless it is an internet- or computer-based community school, will comply with section 3313.801 of the Revised Code as if it were a school district.

(i) If the school is the recipient of moneys from a grant awarded under the federal race to the top program, Division (A), Title XIV, Sections 14005 and 14006 of the "American Recovery and Reinvestment Act of 2009," Pub. L. No. 111-5, 123 Stat. 115, the school will pay teachers based upon performance in accordance with section 3317.141 and will comply with section 3319.111 of the Revised Code as if it were a school district.

(12) Arrangements for providing health and other benefits to employees;

(13) The length of the contract, which shall begin at the beginning of an academic year. No contract shall exceed five years unless such contract has been renewed pursuant to division (E) of this section.

(14) The governing authority of the school, which shall be responsible for carrying out the provisions of the contract;

(15) A financial plan detailing an estimated school budget for each year of the period of the contract and specifying the total estimated per pupil expenditure amount for each such year.

(16) Requirements and procedures regarding the disposition of employees of the school in the event the contract is terminated or not renewed pursuant to section 3314.07 of the Revised Code;

(17) Whether the school is to be created by converting all or part of an existing public school or educational service center building or is to be a new start-up school, and if it is a converted public school or service center building, specification of any duties or responsibilities of an employer that the board of education or service center governing board that operated the school or building before conversion is delegating to the governing authority of the community school with respect to all or any specified group of employees provided the delegation is not prohibited by a collective bargaining agreement applicable to such employees;

(18) Provisions establishing procedures for resolving disputes or differences of opinion between the sponsor and the governing authority of the community school;

(19) A provision requiring the governing authority to adopt a policy regarding the admission of students who reside outside the district in which the school is located. That policy shall comply with the admissions procedures specified in sections 3314.06 and 3314.061 of the Revised Code and, at the sole discretion of the authority, shall do one of the following:

(a) Prohibit the enrollment of students who reside outside the district in which the school is located;

(b) Permit the enrollment of students who reside in districts adjacent to the district in which the school is located;

(c) Permit the enrollment of students who reside in any other district in the state.

(20) A provision recognizing the authority of the department of education to take over the sponsorship of the school in accordance with the provisions of division (C) of section 3314.015 of the Revised Code;

(21) A provision recognizing the sponsor's authority to assume the operation of a school under the conditions specified in division (B) of section 3314.073 of the Revised Code;

(22) A provision recognizing both of the following:

(a) The authority of public health and safety officials to inspect the facilities of the school and to order the facilities closed if those officials find that the facilities are not in compliance with health and safety laws and regulations;

(b) The authority of the department of education as the community school oversight body to suspend the operation of the school under section 3314.072 of the Revised Code if the department has evidence of conditions or violations of law at the school that pose an imminent danger to the health and safety of the school's students and employees and the sponsor refuses to take such action.

(23) A description of the learning opportunities that will be offered to students including both classroom-based and non-classroom-based learning opportunities that is in compliance with criteria for student participation established by the department under division (H)(2) of section 3314.08 of the Revised Code;

(24) The school will comply with sections 3302.04 and 3302.041 of the Revised Code, except that any action required to be taken by a school district pursuant to those sections shall be taken by the sponsor of the school. However, the sponsor shall not be required to take any action described in division (F) of section 3302.04 of the Revised Code.

(25) Beginning in the 2006-2007 school year, the school will open for operation not later than the thirtieth day of September each school year, unless the mission of the school as specified under division (A)(2) of this section is solely to serve dropouts. In its initial year of operation, if the school fails to open by the thirtieth day of September, or within one year after the adoption of the contract pursuant to division (D) of section 3314.02 of the Revised Code if the mission of the school is solely to serve dropouts, the contract shall be void.

(26) Whether the school's governing authority is planning to seek designation for the school as a STEM school equivalent under section 3326.032 of the Revised Code;

(27) That the school's attendance and participation policies will be available for public inspection;

(28) That the school's attendance and participation records shall be made available to the department of education, auditor of state, and school's sponsor to the extent permitted under and in accordance with the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232g, as amended, and any regulations promulgated under that act, and section 3319.321 of the Revised Code;

(29) If a school operates using the blended learning model, as defined in section 3301.079 of the Revised Code, all of the following information:

(a) An indication of what blended learning model or models will be used;

(b) A description of how student instructional needs will be determined and documented;

(c) The method to be used for determining competency, granting credit, and promoting students to a higher grade level;

(d) The school's attendance requirements, including how the school will document participation in learning opportunities;

(e) A statement describing how student progress will be monitored;

(f) A statement describing how private student data will be protected;

(g) A description of the professional development activities that will be offered to teachers.

(30) A provision requiring that all moneys the school's operator loans to the school, including facilities loans or cash flow assistance, must be accounted for, documented, and bear interest at a fair market rate;

(31) A provision requiring that, if the governing authority 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.

(B) The community school shall also submit to the sponsor a comprehensive plan for the

school. The plan shall specify the following:

- (1) The process by which the governing authority of the school will be selected in the future;
- (2) The management and administration of the school;
- (3) If the community school is a currently existing public school or educational service center building, alternative arrangements for current public school students who choose not to attend the converted school and for teachers who choose not to teach in the school or building after conversion;
- (4) The instructional program and educational philosophy of the school;
- (5) Internal financial controls.

When submitting the plan under this division, the school shall also submit copies of all policies and procedures regarding internal financial controls adopted by the governing authority of the school.

(C) A contract entered into under section 3314.02 of the Revised Code between a sponsor and the governing authority of a community school may provide for the community school governing authority to make payments to the sponsor, which is hereby authorized to receive such payments as set forth in the contract between the governing authority and the sponsor. The total amount of such payments for ~~oversight and monitoring, oversight, and technical assistance~~ of the school shall not exceed three per cent of the total amount of payments for operating expenses that the school receives from the state.

(D) The contract shall specify the duties of the sponsor which shall be in accordance with the written agreement entered into with the department of education under division (B) of section 3314.015 of the Revised Code and shall include the following:

- (1) Monitor the community school's compliance with all laws applicable to the school and with the terms of the contract;
- (2) Monitor and evaluate the academic and fiscal performance and the organization and operation of the community school on at least an annual basis;
- (3) Report on an annual basis the results of the evaluation conducted under division (D)(2) of this section to the department of education and to the parents of students enrolled in the community school;
- (4) Provide technical assistance to the community school in complying with laws applicable to the school and terms of the contract;
- (5) Take steps to intervene in the school's operation to correct problems in the school's overall performance, declare the school to be on probationary status pursuant to section 3314.073 of the Revised Code, suspend the operation of the school pursuant to section 3314.072 of the Revised Code, or terminate the contract of the school pursuant to section 3314.07 of the Revised Code as determined necessary by the sponsor;
- (6) Have 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.

(E) Upon the expiration of a contract entered into under this section, the sponsor of a community school may, with the approval of the governing authority of the school, renew that contract for a period of time determined by the sponsor, but not ending earlier than the end of any school year, if the sponsor finds that the school's compliance with applicable laws and terms of the contract and the school's progress in meeting the academic goals prescribed in the contract have been satisfactory. Any contract that is renewed under this division remains subject to the provisions of sections 3314.07, 3314.072, and 3314.073 of the Revised Code.

(F) If a community school fails to open for operation within one year after the contract entered into under this section is adopted pursuant to division (D) of section 3314.02 of the Revised Code or permanently closes prior to the expiration of the contract, the contract shall be void and the school shall not enter into a contract with any other sponsor. A school shall not be considered permanently closed because the operations of the school have been suspended

pursuant to section 3314.072 of the Revised Code.

Sec. 3314.031. (A) Beginning March 31, 2016, the department shall do the following:

(1) Maintain and annually publish an accurate record of the names and identifying information of all entities that have entered into a contract with the governing authority of a community school to manage or operate that school;

(2) Receive from the governing authority of each community school a copy of the contract between a governing authority and its operator. A copy of each contract shall be made available on the department's web site.

(B) Not later than November 15, 2016, and not later than the fifteenth day of November for each year thereafter, the department shall develop and publish an annual performance report for all operators of community schools in the state based on their performance for the previous school year. The report shall be made available on the department's web site.

(C) The department shall include the performance report obtained pursuant to division (B) of this section in the department's annual report required by division (A)(4) of section 3314.015 of the Revised Code.

(D) For purposes of this section, "operator" has the same meaning as in division (A)(8) of section 3314.02 of the Revised Code.

Sec. 3314.032. (A) On and after the effective date of this section, any new or renewed contract between the governing authority of a community school and an operator shall include at least the following:

(1) Criteria to be used for early termination of the operator contract;

(2) Required notification procedures and timeline for early termination or nonrenewal of the operator contract;

(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. Any stipulation regarding property ownership shall comply with the requirements of section 3314.0210 of the Revised Code.

(B)(1) The operator with which the governing authority of a community school contracts for services shall not lease any parcel of real property to that community school until an independent professional in the real estate field verifies via addendum that at the time the lease was agreed to, the lease was commercially reasonable.

(2) The independent professional described in division (B)(1) of this section shall be immune from civil liability for any decision rendered pursuant to this section.

(C) Beginning with the 2016-2017 school year, the governing authority of a community school, with the assistance of the school's designated fiscal officer, shall adopt an annual budget by the thirty-first day of October of each year.

Not later than ninety days after the effective date of this section, the department of education shall develop a format for annual budgets of community schools. The format shall prescribe inclusion of the following information in a school's budget:

(1) Administrative costs for the community school as a whole;

(2) Instructional services costs for each category of service provided directly to students, compiled and reported in terms of average expenditure per pupil receiving the service;

(3) The 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) The cost of administrative support services, such as the cost of personnel that develop the curriculum and the cost of personnel supervising or coordinating the delivery of the instructional services;

(5) The cost of support or extracurricular services costs for services directly provided to students;

(6) The cost of services provided directly to students by a nonlicensed employee related to support or extracurricular services, such as janitorial services, cafeteria services, or services of a sports trainer;

(7) The 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 administrating or aiding the delivery of services.

(D) The governing authority of a community school shall be the sole entity responsible for the adoption of the school's annual budget, but the governing authority shall adopt such budget with the assistance of the school's designated fiscal officer.

Sec. 3314.034. (A) Subject to division (B) of this section, any community school to which either of the following conditions apply shall be prohibited from entering into a contract with a new sponsor:

(1) The community school has received a grade of "D" or "F" for the performance index score, under division (C)(1)(b) of section 3302.03 of the Revised Code, and an overall grade of "D" or "F" for the value-added progress dimension or another measure of student academic progress if adopted by the state board of education, under division (C)(1)(e) of that section, on the most recent report card issued for the school pursuant to that section.

(2) The community school is one in which a majority of the students are enrolled in a dropout prevention and recovery program, and it has received a rating of "does not meet standards" for the annual student growth measure and combined graduation rates on the most recent report card issued for the school under section 3314.017 of the Revised Code.

(B) A community school to which division (A) of this section applies may enter into a contract with a new sponsor if all of the following conditions are satisfied:

(1) The proposed sponsor received a rating of "effective" or higher pursuant to division (B)(6) of section 3314.016 of the Revised Code on its most recent evaluation conducted according to that section, or the proposed sponsor is the office of Ohio school sponsorship established in section 3314.029 of the Revised Code.

(2) The community school submits a request to enter into a new contract with a sponsor.

(3) The community school has not submitted a prior request that was granted.

(4) The department grants the school's request pursuant to division (C) of this section.

(C) A school shall submit a request to change sponsors under this section not later than on the fifteenth day of February of the year in which the school wishes to do so. The department shall grant or deny the request not later than thirty days after the department receives it. If the department denies the request, the community school may submit an appeal to the state board of education, which shall hold a hearing in accordance with Chapter 119. of the Revised Code. The community school shall file its notice of appeal to the state board not later than ten days after receiving the decision from the department. The state board shall conduct the hearing not later than thirty days after receiving the school's notice of appeal and act upon the determination of the hearing officer not later than the twenty-fifth day of June of the year in which the school wishes to change sponsors.

(D) Factors to be considered during a hearing held pursuant to division (C) of this section include, but are not limited to, the following:

(1) The school's impact on the students and the community or communities it serves;

(2) The quality and quantity of academic and administrative support the school receives from its current sponsor to help the school to improve;

(3) The sponsor's annual evaluations of the community school under division (D)(2) of section 3314.03 of the Revised Code for the previous three years;

(4) The academic performance of the school, taking into account the demographic information of the students enrolled in the school;

(5) The academic performance of alternative schools that serve comparable populations of

students as those served by the community school:

- (6) The fiscal stability of the school;
- (7) The results of any audits of the school by the auditor of state;
- (8) The length of time the school has been under the oversight of its current sponsor;
- (9) The number of times the school has changed sponsors prior to the current request;
- (10) Parent and student satisfaction rates as demonstrated by surveys, if available.

Sec. 3314.035. Each community school shall post on the school's web site the name of each member of the school's governing authority. Each community school also shall provide, upon request, the name and address of each member of the governing authority to the sponsor of the school and the department of education.

Sec. 3314.036. The governing authority of a community school shall employ an attorney, who shall be independent from the school's sponsor or the operator with which the school has contracted, for any services related to the negotiation of the community school's contract with the sponsor or the school's contract with the operator.

Sec. 3314.037. The members of the governing authority of a community school, the designated fiscal officer of the school, the chief administrative officer and other administrative employees of the school, and all individuals performing supervisory or administrative services for the school under a contract with the operator of the school shall complete training on an annual basis on the public records and open meetings laws, so that they may comply with those laws as prescribed by division (A)(11)(d) of section 3314.03 of the Revised Code.

Sec. 3314.038. Each community school shall 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 as defined under section 5103.05 of the Revised Code.

Sec. 3314.039. The department of education shall compile and publish the following information, for each year since the 2010-2011 school year, in a simple, easily accessible location on its web site:

(A) A single document identifying each community school that has closed during each year and the reason for the closure of each school;

(B) A single document for each entity that submitted an application to sponsor schools that contains the following, where applicable:

(1) The entity's application and most recent evaluation;

(2) A designation of whether the entity's application was approved or denied;

(3) All documentation used in determining whether to approve or deny the entity's application;

(4) A short statement describing the rationale used in approving or denying the entity's application.

(C) A single document containing the following information:

(1) A list of all sponsor ratings for each school year for which ratings are available;

(2) A list of each sponsor that is prohibited, as of the thirty-first day of December of each school year, from sponsoring new schools;

(3) 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.

(D) The department shall update the document required pursuant to division (A) of this section on an annual basis.

Sec. 3314.07. (A) The expiration of the contract for a community school between a sponsor and a school shall be the date provided in the contract. A successor contract may be entered into pursuant to division (E) of section 3314.03 of the Revised Code unless the contract is terminated or not renewed pursuant to this section.

(B)(1) A sponsor may choose not to renew a contract at its expiration or may choose to

terminate a contract prior to its expiration for any of the following reasons:

- (a) Failure to meet student performance requirements stated in the contract;
- (b) Failure to meet generally accepted standards of fiscal management;
- (c) Violation of any provision of the contract or applicable state or federal law;
- (d) Other good cause.

(2) A sponsor may choose to terminate a contract prior to its expiration if the sponsor has suspended the operation of the contract under section 3314.072 of the Revised Code.

(3) Not later than the ~~first~~ fifteenth day of ~~February~~ January in the year in which the sponsor intends to terminate or take actions not to renew the community school's contract, the sponsor shall notify the school of the proposed action in writing. The notice shall include the reasons for the proposed action in detail, the effective date of the termination or nonrenewal, and a statement that the school may, within fourteen days of receiving the notice, request an informal hearing before the sponsor. Such request must be in writing. The informal hearing shall be held within fourteen days of the receipt of a request for the hearing. Not later than fourteen days after the informal hearing, the sponsor shall issue a written decision either affirming or rescinding the decision to terminate or not renew the contract.

(4) ~~A decision by the sponsor to terminate a contract may be appealed to the state board of education. The notice of appeal shall be filed with the state board not later than fourteen days following receipt of the sponsor's written decision to terminate the contract. Within sixty days of receipt of the notice of appeal, the state board shall conduct a hearing and issue a written decision on the appeal. The written decision of the state board shall include the reasons for affirming or rescinding the decision of the sponsor. The decision by the state board pertaining to an appeal under this division is final. If the sponsor is the state board, its decision to terminate a contract under division (B)(3) of this section shall be final.~~

~~(5)~~ The termination of a contract under this section shall be effective upon the occurrence of the later of the following events:

(a) The date the sponsor notifies the school of its decision to terminate the contract as prescribed in division (B)(3) of this section;

(b) If an informal hearing is requested under division (B)(3) of this section and as a result of that hearing the sponsor affirms its decision to terminate the contract, the effective date of the termination specified in the notice issued under division (B)(3) of this section, ~~or if that decision is appealed to the state board under division (B)(4) of this section and the state board affirms that decision, the date established in the resolution of the state board affirming the sponsor's decision.~~

~~(6)~~ ~~(5)~~ Any community school whose contract is terminated or not renewed under division (B) (1)(a) or (b) of this section shall close permanently at the end of the current school year or on a date specified in the notification of termination or nonrenewal under division (B)(3) of this section. Any community school whose contract is terminated or not renewed for failure to meet student performance requirements stated in the contract, or for failure to meet generally accepted standards of fiscal management under this division shall not enter into a contract with any other sponsor.

(C) A child attending a community school whose contract has been terminated, nonrenewed, or suspended or that closes for any reason shall be admitted to the schools of the district in which the child is entitled to attend under section 3313.64 or 3313.65 of the Revised Code. Any deadlines established for the purpose of admitting students under section 3313.97 or 3313.98 of the Revised Code shall be waived for students to whom this division pertains.

(D) If a community school does not intend to renew a contract with its sponsor, the community school shall notify its sponsor in writing of that fact at least one hundred eighty days prior to the expiration of the contract. Such a community school may enter into a contract with a new sponsor in accordance with section 3314.03 of the Revised Code upon the expiration of the previous contract.

(E) A sponsor of a community school and the officers, directors, or employees of such a sponsor are immune from civil liability for any action authorized under this chapter or the contract entered into with the school under section 3314.03 of the Revised Code that is taken to fulfill the sponsor's responsibility to oversee and monitor the school. The sponsor and its officers, directors, or employees are not liable in damages in a tort or other civil action for harm allegedly arising from ~~either any~~ of the following:

(1) A failure of the community school or any of its officers, directors, or employees to perform any statutory or common law duty or responsibility or any other legal obligation;

(2) An action or omission of the community school or any of its officers, directors, or employees that results in harm.

(3) A failure of the community school or any of its officers, directors, or employees to meet the obligations of any contract or other obligation entered into on behalf of the community school and another party.

(F) As used in this section:

(1) "Harm" means injury, death, or loss to person or property.

(2) "Tort action" means a civil action for damages for injury, death, or loss to person or property other than a civil action for damages for a breach of contract or another agreement between persons.

Sec. 3314.074. Divisions (A) and (B) of this section apply only to the extent permitted under Chapter 1702. of the Revised Code.

(A) If any community school established under this chapter permanently closes and ceases its operation as a community school, the assets of that school shall be distributed first to the retirement funds of employees of the school, employees of the school, and private creditors who are owed compensation, and then any remaining funds shall be paid to the department of education for redistribution to the school districts in which the students who were enrolled in the school at the time it ceased operation were entitled to attend school under section 3313.64 or 3313.65 of the Revised Code. The amount distributed to each school district shall be proportional to the district's share of the total enrollment in the community school.

(B) If a community school closes and ceases to operate as a community school and the school has received computer hardware or software from the former Ohio SchoolNet commission or the former eTech Ohio commission, such hardware or software shall be turned over to the department of education, which shall redistribute the hardware and software, to the extent such redistribution is possible, to school districts in conformance with the provisions of the programs as they were operated and administered by the former eTech Ohio commission.

(C) If the assets of the school are insufficient to pay all persons or entities to whom compensation is owed, the prioritization of the distribution of the assets to individual persons or entities within each class of payees may be determined by decree of a court in accordance with this section and Chapter 1702. of the Revised Code.

(D) A community school that engages in a merger or consolidation pursuant to division (B) of section 1702.41 of the Revised Code and becomes a single public benefit corporation shall not be required to distribute assets pursuant to divisions (A), (B), and (C) of this section, provided that the governing authority of the community school created by the merger or consolidation enters into a contract for sponsorship under section 3314.03 of the Revised Code with an entity rated "effective" or higher by the department of education pursuant to section 3314.016 of the Revised Code.

Sec. 3314.10. (A)(1) The governing authority of any community school established under this chapter may employ teachers and nonteaching employees necessary to carry out its mission and fulfill its contract.

(2) Except as provided under division (A)(3) of this section, employees hired under this section may organize and collectively bargain pursuant to Chapter 4117. of the Revised Code.

Notwithstanding division (D)(1) of section 4117.06 of the Revised Code, a unit containing teaching and nonteaching employees employed under this section shall be considered an appropriate unit. ~~As applicable~~ Except as provided in divisions (B)(2)(b) and (c) of section 3307.01 of the Revised Code and in section 3309.013 of the Revised Code, employment under this section is subject to either Chapter 3307. or 3309. of the Revised Code.

(3) If a school is created by converting all or part of an existing public school rather than by establishment of a new start-up school, at the time of conversion, the employees of the community school shall remain part of any collective bargaining unit in which they were included immediately prior to the conversion and shall remain subject to any collective bargaining agreement for that unit in effect on the first day of July of the year in which the community school initially begins operation and shall be subject to any subsequent collective bargaining agreement for that unit, unless a petition is certified as sufficient under division (A)(6) of this section with regard to those employees. Any new employees of the community school shall also be included in the unit to which they would have been assigned had not the conversion taken place and shall be subject to the collective bargaining agreement for that unit unless a petition is certified as sufficient under division (A)(6) of this section with regard to those employees.

Notwithstanding division (B) of section 4117.01 of the Revised Code, the board of education of a school district and not the governing authority of a community school shall be regarded, for purposes of Chapter 4117. of the Revised Code, as the "public employer" of the employees of a conversion community school subject to a collective bargaining agreement pursuant to division (A)(3) of this section unless a petition is certified under division (A)(6) of this section with regard to those employees. Only on and after the effective date of a petition certified as sufficient under division (A)(6) of this section shall division (A)(2) of this section apply to those employees of that community school and only on and after the effective date of that petition shall Chapter 4117. of the Revised Code apply to the governing authority of that community school with regard to those employees.

(4) Notwithstanding sections 4117.03 to 4117.18 of the Revised Code and Section 4 of Amended Substitute Senate Bill No. 133 of the 115th general assembly, the employees of a conversion community school who are subject to a collective bargaining agreement pursuant to division (A)(3) of this section shall cease to be subject to that agreement and all subsequent agreements pursuant to that division and shall cease to be part of the collective bargaining unit that is subject to that and all subsequent agreements, if a majority of the employees of that community school who are subject to that collective bargaining agreement sign and submit to the state employment relations board a petition requesting all of the following:

(a) That all the employees of the community school who are subject to that agreement be removed from the bargaining unit that is subject to that agreement and be designated by the state employment relations board as a new and separate bargaining unit for purposes of Chapter 4117. of the Revised Code;

(b) That the employee organization certified as the exclusive representative of the employees of the bargaining unit from which the employees are to be removed be certified as the exclusive representative of the new and separate bargaining unit for purposes of Chapter 4117. of the Revised Code;

(c) That the governing authority of the community school be regarded as the "public employer" of these employees for purposes of Chapter 4117. of the Revised Code.

(5) Notwithstanding sections 4117.03 to 4117.18 of the Revised Code and Section 4 of Amended Substitute Senate Bill No. 133 of the 115th general assembly, the employees of a conversion community school who are subject to a collective bargaining agreement pursuant to division (A)(3) of this section shall cease to be subject to that agreement and all subsequent agreements pursuant to that division, shall cease to be part of the collective bargaining unit that is

subject to that and all subsequent agreements, and shall cease to be represented by any exclusive representative of that collective bargaining unit, if a majority of the employees of the community school who are subject to that collective bargaining agreement sign and submit to the state employment relations board a petition requesting all of the following:

(a) That all the employees of the community school who are subject to that agreement be removed from the bargaining unit that is subject to that agreement;

(b) That any employee organization certified as the exclusive representative of the employees of that bargaining unit be decertified as the exclusive representative of the employees of the community school who are subject to that agreement;

(c) That the governing authority of the community school be regarded as the "public employer" of these employees for purposes of Chapter 4117. of the Revised Code.

(6) Upon receipt of a petition under division (A)(4) or (5) of this section, the state employment relations board shall check the sufficiency of the signatures on the petition. If the signatures are found sufficient, the board shall certify the sufficiency of the petition and so notify the parties involved, including the board of education, the governing authority of the community school, and any exclusive representative of the bargaining unit. The changes requested in a certified petition shall take effect on the first day of the month immediately following the date on which the sufficiency of the petition is certified under division (A)(6) of this section.

(B)(1) The board of education of each city, local, and exempted village school district sponsoring a community school and the governing board of each educational service center in which a community school is located shall adopt a policy that provides a leave of absence of at least three years to each teacher or nonteaching employee of the district or service center who is employed by a conversion or new start-up community school sponsored by the district or located in the district or center for the period during which the teacher or employee is continuously employed by the community school. The policy shall also provide that any teacher or nonteaching employee may return to employment by the district or service center if the teacher or employee leaves or is discharged from employment with the community school for any reason, unless, in the case of a teacher, the board of the district or service center determines that the teacher was discharged for a reason for which the board would have sought to discharge the teacher under section 3311.82 or 3319.16 of the Revised Code, in which case the board may proceed to discharge the teacher utilizing the procedures of that section. Upon termination of such a leave of absence, any seniority that is applicable to the person shall be calculated to include all of the following: all employment by the district or service center prior to the leave of absence; all employment by the community school during the leave of absence; and all employment by the district or service center after the leave of absence. The policy shall also provide that if any teacher holding valid certification returns to employment by the district or service center upon termination of such a leave of absence, the teacher shall be restored to the previous position and salary or to a position and salary similar thereto. If, as a result of teachers returning to employment upon termination of such leaves of absence, a school district or educational service center reduces the number of teachers it employs, it shall make such reductions in accordance with section 3319.171 of the Revised Code.

Unless a collective bargaining agreement providing otherwise is in effect for an employee of a conversion community school pursuant to division (A)(3) of this section, an employee on a leave of absence pursuant to this division shall remain eligible for any benefits that are in addition to benefits under Chapter 3307. or 3309. of the Revised Code provided by the district or service center to its employees provided the employee pays the entire cost associated with such benefits, except that personal leave and vacation leave cannot be accrued for use as an employee of a school district or service center while in the employ of a community school unless the district or service center board adopts a policy expressly permitting this accrual.

(2) While on a leave of absence pursuant to division (B)(1) of this section, a conversion

community school shall permit a teacher to use sick leave accrued while in the employ of the school district from which the leave of absence was taken and prior to commencing such leave. If a teacher who is on such a leave of absence uses sick leave so accrued, the cost of any salary paid by the community school to the teacher for that time shall be reported to the department of education. The cost of employing a substitute teacher for that time shall be paid by the community school. The department of education shall add amounts to the payments made to a community school under this chapter as necessary to cover the cost of salary reported by a community school as paid to a teacher using sick leave so accrued pursuant to this section. The department shall subtract the amounts of any payments made to community schools under this division from payments made to such sponsoring school district under Chapter 3317. of the Revised Code.

A school district providing a leave of absence and employee benefits to a person pursuant to this division is not liable for any action of that person while the person is on such leave and employed by a community school.

Sec. 3314.19. The sponsor of each community school annually shall provide the following assurances in writing to the department of education not later than ten business days prior to the opening of the school:

(A) That a current copy of the contract between the sponsor and the governing authority of the school entered into under section 3314.03 of the Revised Code has been filed with the department and that any subsequent modifications to that contract will be filed with the department;

(B) That the school has submitted to the sponsor a plan for providing special education and related services to students with disabilities and has demonstrated the capacity to provide those services in accordance with Chapter 3323. of the Revised Code and federal law;

(C) That the school has a plan and procedures for administering the achievement and diagnostic assessments prescribed by sections 3301.0710, 3301.0712, and 3301.0715 of the Revised Code;

(D) That school personnel have the necessary training, knowledge, and resources to properly use and submit information to all databases maintained by the department for the collection of education data, including the education management information system established under section 3301.0714 of the Revised Code in accordance with methods and timelines established under section 3314.17 of the Revised Code;

(E) That all required information about the school has been submitted to the Ohio education directory system or any successor system;

(F) That the school will enroll at least the minimum number of students required by division (A)(11)(a) of section 3314.03 of the Revised Code in the school year for which the assurances are provided;

(G) That all classroom teachers are licensed in accordance with sections 3319.22 to 3319.31 of the Revised Code, except for noncertificated persons engaged to teach up to twelve hours per week pursuant to section 3319.301 of the Revised Code;

(H) That the school's fiscal officer is in compliance with section 3314.011 of the Revised Code;

(I) That the school has complied with sections 3319.39 and 3319.391 of the Revised Code with respect to all employees and that the school has conducted a criminal records check of each of its governing authority members;

(J) That the school holds all of the following:

(1) Proof of property ownership or a lease for the facilities used by the school;

(2) A certificate of occupancy;

(3) Liability insurance for the school, as required by division (A)(11)(b) of section 3314.03 of the Revised Code, that the sponsor considers sufficient to indemnify the school's facilities, staff,

and governing authority against risk;

(4) A satisfactory health and safety inspection;

(5) A satisfactory fire inspection;

(6) A valid food permit, if applicable.

(K) That the sponsor has conducted a pre-opening site visit to the school for the school year for which the assurances are provided;

(L) That the school has designated a date it will open for the school year for which the assurances are provided that is in compliance with division (A)(25) of section 3314.03 of the Revised Code;

(M) That the school has met all of the sponsor's requirements for opening and any other requirements of the sponsor.

(N) That, for any school that operates using the blended learning model, as defined in section 3301.079 of the Revised Code, the sponsor has reviewed the following information, submitted by the school:

(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's 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.

Sec. 3314.23. (A) Subject to division (B) of this section, each internet- or computer-based community school shall ~~do the applicable one of the following:~~

~~(1) If the general assembly has enacted standards for the operation of internet- or computer-based community schools by January 1, 2013, comply with the standards so enacted;~~

~~(2) If the general assembly has not enacted such standards by that date, comply with the standards developed by the international association for K-12 online learning.~~

(B) Each internet- or computer-based community school that initially opens for operation on or after January 1, 2013, shall comply with the standards required by division (A) of this section at the time it opens. Each internet- or computer-based community school that initially opened for operation prior to January 1, 2013, shall comply with the standards required by division (A) of this section not later than July 1, 2013.

(C) The sponsor of each internet- or computer-based community school shall be responsible for monitoring, ensuring, and reporting compliance with the online learning standards described in divisions (A) and (B) of this section.

Sec. 3314.251. Notwithstanding any provision of law to the contrary, each internet- or computer-based community school may provide its students with a location within a fifty-mile radius of the student's residence at which the student may receive counseling, instructional coaching, and testing assistance.

Sec. 3314.27. No student enrolled in an internet- or computer-based community school may participate in more than ten hours of learning opportunities in any period of twenty-four consecutive hours. Any time such a student participates in learning opportunities beyond the limit prescribed in this section shall not count toward the annual minimum number of hours required to be provided to that student as prescribed in division (A)(11)(a) of section 3314.03 of the Revised Code. If any internet- or computer-based community school requires its students to participate in learning opportunities on the basis of days rather than hours, one day shall consist of a minimum of five hours of such participation.

Each internet- or computer-based community school shall keep an accurate record of each

individual student's participation in learning opportunities each day. The record shall be kept in such a manner that the information contained within it easily can be submitted to the department of education, upon request by the department or the auditor of state.

Sec. 3314.271. (A) Each internet- or computer-based community school shall offer a student orientation course and shall notify each student who enrolls in that school of that student's opportunity to participate in the student orientation course.

(B) The department of education shall provide guidance to internet- or computer-based community schools for developing and delivering the orientation course.

(C) Each internet- or computer-based community school may, at the time of a particular student's enrollment in that school, ask the student's parent or guardian to estimate the length of time the student will attend the school. Any information collected pursuant to this division shall be included in an aggregated format in the school's annual report required by division (A)(11)(g) of section 3314.03 of the Revised Code.

(D) Each internet- or computer-based community school, on a periodic basis throughout each school year, shall communicate with each student's parent, guardian, or custodian regarding the performance and progress of that student. Each internet- or computer-based community school also shall provide opportunities for parent-teacher conferences, shall document the school's requests for such conferences, and may permit students to participate in the conferences. Parent-teacher conferences may be conducted through electronic means.

Sec. 3314.35. (A)(1) Except as provided in division (A)(4) of this section, this section applies to any community school that meets one of the following criteria after July 1, 2009, but before July 1, 2011:

(a) The school does not offer a grade level higher than three and has been declared to be in a state of academic emergency under section 3302.03 of the Revised Code for three of the four most recent school years.

(b) The school satisfies all of the following conditions:

(i) The school offers any of grade levels four to eight but does not offer a grade level higher than nine.

(ii) The school has been declared to be in a state of academic emergency under section 3302.03 of the Revised Code for two of the three most recent school years.

(iii) In at least two of the three most recent school years, the school showed less than one standard year of academic growth in either reading or mathematics, as determined by the department of education in accordance with rules adopted under division (A) of section 3302.021 of the Revised Code.

(c) The school offers any of grade levels ten to twelve and has been declared to be in a state of academic emergency under section 3302.03 of the Revised Code for three of the four most recent school years.

(2) Except as provided in division (A)(4) of this section, this section applies to any community school that meets one of the following criteria after July 1, 2011, but before July 1, 2013:

(a) The school does not offer a grade level higher than three and has been declared to be in a state of academic emergency under section 3302.03 of the Revised Code for two of the three most recent school years.

(b) The school satisfies all of the following conditions:

(i) The school offers any of grade levels four to eight but does not offer a grade level higher than nine.

(ii) The school has been declared to be in a state of academic emergency under section 3302.03 of the Revised Code for two of the three most recent school years.

(iii) In at least two of the three most recent school years, the school showed less than one standard year of academic growth in either reading or mathematics, as determined by the

department in accordance with rules adopted under division (A) of section 3302.021 of the Revised Code.

(c) The school offers any of grade levels ten to twelve and has been declared to be in a state of academic emergency under section 3302.03 of the Revised Code for two of the three most recent school years.

(3) Except as provided in division (A)(4) of this section, this section applies to any community school that meets one of the following criteria on or after July 1, 2013:

(a) The school does not offer a grade level higher than three and, for two of the three most recent school years, satisfies any of the following criteria:

(i) The school has been declared to be in a state of academic emergency under section 3302.03 of the Revised Code, as it existed prior to March 22, 2013;

(ii) The school has received a grade of "F" in improving literacy in grades kindergarten through three under division (B)(1)(g) or (C)(1)(g) of section 3302.03 of the Revised Code;

(iii) The school has received an overall grade of "F" under division (C) of section 3302.03 of the Revised Code.

(b) The school offers any of grade levels four to eight but does not offer a grade level higher than nine and, for two of the three most recent school years, satisfies any of the following criteria:

(i) The school has been declared to be in a state of academic emergency under section 3302.03 of the Revised Code, as it existed prior to March 22, 2013, and the school showed less than one standard year of academic growth in either reading or mathematics, as determined by the department in accordance with rules adopted under division (A) of section 3302.021 of the Revised Code;

(ii) The school has received a grade of "F" for the performance index score under division (A)(1)(b), (B)(1)(b), or (C)(1)(b) and a grade of "F" for the value-added progress dimension under division (A)(1)(e), (B)(1)(e), or (C)(1)(e) of section 3302.03 of the Revised Code;

(iii) The school has received an overall grade of "F" under division (C) and a grade of "F" for the value-added progress dimension under division (C)(1)(e) of section 3302.03 of the Revised Code.

(c) The school offers any of grade levels ten to twelve and, for two of the three most recent school years, satisfies any of the following criteria:

(i) The school has been declared to be in a state of academic emergency under section 3302.03 of the Revised Code, as it existed prior to March 22, 2013;

(ii) The school has received a grade of "F" for the performance index score under division (A)(1)(b), (B)(1)(b), or (C)(1)(b) and has not met annual measurable objectives under division (A)(1)(a), (B)(1)(a), or (C)(1)(a) of section 3302.03 of the Revised Code;

(iii) The school has received an overall grade of "F" under division (C) and a grade of "F" for the value-added progress dimension under division (C)(1)(e) of section 3302.03 of the Revised Code.

For purposes of division (A)(3) of this section only, the department of education shall calculate the value-added progress dimension for a community school using assessment scores for only those students to whom the school has administered the achievement assessments prescribed by section 3301.0710 of the Revised Code for at least the two most recent school years but using value-added data from only the most recent school year.

(4) This section does not apply to either of the following:

(a) Any community school in which a majority of the students are enrolled in a dropout prevention and recovery program that is operated by the school. Rather, such schools shall be subject to closure only as provided in section 3314.351 of the Revised Code. However, prior to July 1, 2014, a community school in which a majority of the students are enrolled in a dropout prevention and recovery program shall be exempt from this section only if it has been granted a

waiver under section 3314.36 of the Revised Code.

(b) Any community school in which a majority of the enrolled students are children with disabilities receiving special education and related services in accordance with Chapter 3323. of the Revised Code.

(B) Any community school to which this section applies shall permanently close at the conclusion of the school year in which the school first becomes subject to this section. The sponsor and governing authority of the school shall comply with all procedures for closing a community school adopted by the department under division (E) of section 3314.015 of the Revised Code. The governing authority of the school shall not enter into a contract with any other sponsor under section 3314.03 of the Revised Code after the school closes.

(C) In accordance with division (B) of section 3314.012 of the Revised Code, the department shall not consider the performance ratings assigned to a community school for its first two years of operation when determining whether the school meets the criteria prescribed by division (A) (1) or (2) of this section.

(D) Nothing in this section or in any other provision of the Revised Code prohibits the sponsor of a community school from exercising its option not to renew a contract for any reason or from terminating a contract prior to its expiration for any of the reasons set forth in section 3314.07 of the Revised Code.

Sec. 3314.351. (A) This section applies to any community school in which a majority of the students are enrolled in a dropout prevention and recovery program. Beginning on or after July 1, 2014, any such community school that has received a designation of "does not meet standards," as described in division (D)(1) of section 3314.017 of the Revised Code on the report card issued under that section, for at least two of the three most recent school years shall be subject to closure in accordance with this section.

(B) Not later than the first day of September in each school year, the department of education shall notify each school subject to closure under this section that the school must close not later than the thirtieth day of the following June.

A school so notified shall close as required.

(C) A school that opens on or after July 1, 2014, shall not be subject to closure under this section for its first two years of operation. A school that is in operation prior to July 1, 2014, shall not be subject to closure under this section until after August 31, 2016.

(D) The sponsor and governing authority of the school shall comply with all procedures for closing a community school adopted by the department under division (E) of section 3314.015 of the Revised Code. The governing authority of the school shall not enter into a contract with any other sponsor under section 3314.03 of the Revised Code after the school closes.

(E) Nothing in this section or in any other provision of the Revised Code prohibits the sponsor of a community school from exercising its option not to renew a contract for any reason or from terminating a contract prior to its expiration for any of the reasons set forth in section 3314.07 of the Revised Code.

Sec. 3314.46. As used in this section, "sponsor" includes any officer, director, employee of the sponsor of a community school, and any person with decision-making authority regarding the operations of a sponsor of a community school.

(A) Except as provided in division (B) of this section, no sponsor of a community school shall sell any goods or services to any community school it sponsors.

(B)(1) If the sponsor of a community school entered into a contract prior to the effective date of this section that involves the sale of goods or services to a community school it sponsors, the sponsor shall not be required to comply with division (A) of this section with respect to that school until the expiration of the contract.

(2) If the sponsor of a community school is also the school district in which that community school is located, the sponsor may sell goods or services to that community school at no profit to

the sponsor.

(3) If the sponsor of a community school is a state university, as defined in section 3345.011 of the Revised Code, the sponsor may sell services to that community school at no profit to the sponsor.

Sec. 3314.50. No community school shall initiate operation, on or after the effective date of this section amendment, open for operation in any school year unless the governing authority of the school has posted a surety bond in the amount of fifty thousand dollars with the auditor of state. In lieu of a surety bond, a community school governing authority may deposit with the auditor of state cash in the amount of fifty thousand dollars as a guarantee of payment. The bond or cash guarantee shall be used, in the event the school closes, to pay the auditor of state any moneys owed or that become owed by the school for the costs of audits conducted by the auditor of state or a public accountant under Chapter 117. of the Revised Code.

Immediately upon The department of education shall notify the auditor of state of the proposed initiation of operations of any community school and shall 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 compliance with this section.

In lieu of the bond, the governing authority of the school, the school's sponsor, or an operator that has a contract with the school may deposit with the auditor of state cash in the amount of fifty thousand dollars as guarantee of payment under the provisions of this section. In lieu of a bond or a cash deposit, the school's sponsor or an operator that has a contract with the school may provide a written guarantee of payment, which shall obligate the school's sponsor or the operator that provides the written guarantee to pay the cost of audits of the school under this section up to the amount of fifty thousand dollars. Any such written guarantee shall be 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 shall acknowledge and accept such obligation.

In the event that a sponsor or operator has provided a written guarantee under this section, and, subsequent to the provision of the guarantee, the governing authority of the school posts a bond under this section, or the governing authority of the school, a sponsor, or an operator provides a cash deposit of fifty thousand dollars as required, the written guarantee shall cease to be of further effect.

As soon as it is practicable to do so after the filing of a surety bond or the deposit of cash, the auditor of state shall deliver the bond or cash to the treasurer of state, who shall hold it in trust for the purposes prescribed in this section. The treasurer of state shall be responsible for the safekeeping of all surety bonds filed or cash deposited under this section. The auditor of state shall notify the department of education when the school's governing authority has filed the bond or deposited the cash guarantee, or submitted a written guarantee of payment.

When the auditor of state finds that a community school has closed and cannot pay for the costs of audits, conducts an audit of a community school that has closed and is subject to the requirements of this section, the auditor of state shall declare the surety bond or cash deposit forfeited. The auditor of state shall certify the amount of forfeiture to the treasurer of state, who shall assess the bond for the costs of the audit or shall pay money from the named surety insurer or from the school's cash deposit as needed for the costs of the audit to reimburse the auditor of state or public accountant for costs incurred in conducting audits of the school.

To the extent that the amount of the bond or the cash deposit is not needed to cover audit costs, the bond shall be of no further effect, and any cash balance shall be refunded by the treasurer of state to the entity which provided the bond. When the auditor of state conducts an audit of a community school that has closed and is subject to the requirements of this section, and, as to which, a written guarantee has been given under this section, the entity that provided the guarantee shall be solely and fully liable for any such audit costs, and shall promptly pay the

costs of the audit up to fifty thousand dollars.

No community school that is subject to the provisions of this section shall maintain or continue its operations absent the ongoing provision of a bond, a cash deposit, or a written guarantee as required by this section.

Sec. 3317.034. For purposes of section 3317.03 of the Revised Code:

(A) A student shall be considered to be enrolled in the district for any portion of the school year the student is participating at a college under Chapter 3365. of the Revised Code.

(B) A student shall be considered to be enrolled in the district for the period of time beginning on the date on which the school has both received the documentation of the student's enrollment from a parent and the student has commenced participation in learning opportunities offered by the district. For purposes of applying divisions (B) and (C) of this section, "learning opportunities" means both classroom-based and nonclassroom-based learning opportunities overseen by licensed educational employees of the district that is in compliance with criteria and documentation requirements for student participation, which shall be established by the department. Any student's instruction time in nonclassroom-based learning opportunities shall be certified by an employee of the district.

(C) A student's enrollment shall be considered to cease on the date on which any of the following occur:

(1) The district receives documentation from a parent terminating enrollment of the student.

(2) The district is provided documentation of a student's enrollment in another public or nonpublic school.

(3) The student ceases to participate in learning opportunities provided by the school.

(D) No public school may enroll or withdraw a student from the education management information system established under section 3310.0714 of the Revised Code later than thirty days after the student's actual enrollment or withdrawal from the school.

(E) A student in any of grades nine through twelve ~~shall~~may be considered a full-time equivalent student if the student is enrolled in at least five units of instruction, as defined in section 3313.603 of the Revised Code, per school year.

SECTION 2. That existing sections 3302.03, 3307.01, 3309.011, 3313.12, 3314.011, 3314.015, 3314.016, 3314.02, 3314.021, 3314.023, 3314.024, 3314.027, 3314.029, 3314.03, 3314.07, 3314.074, 3314.10, 3314.19, 3314.23, 3314.27, 3314.35, 3314.351, 3314.50, and 3317.034 and section 3314.026 of the Revised Code are hereby repealed.

SECTION 3. That Section 263.660 of Am. Sub. H.B. 64 of the 131st General Assembly is hereby repealed.

SECTION 4. Not later than June 30, 2016, the State Board of Education shall make recommendations to the General Assembly, in accordance with section 101.68 of the Revised Code, and the Governor regarding the following:

(A) Performance standards for community schools in which a majority of the enrolled students are children with disabilities receiving special education and related services in accordance with Chapter 3323. of the Revised Code;

(B) The feasibility of removal of the exemption from permanent closure, prescribed by division (A)(4)(b) of section 3314.35 of the Revised Code, for schools described in division (A) of this section.

SECTION 5. (A) There is hereby created a committee to make recommendations to the General Assembly regarding the definition of "quality" for community schools that primarily enroll students between sixteen and twenty-two years of age who dropped out of high school or are at risk of dropping out of high school due to poor attendance, disciplinary problems, or suspensions. The committee shall also study the efficacy of a completion or competency-based funding structure for these schools. The committee shall consist of the following members:

(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 community school that received a rating of "meets standards" or "exceeds standards" on its most recent report card issued under section 3314.017 of the Revised Code and primarily enrolls students between sixteen and twenty-two years of age who dropped out of high school or are at risk of dropping out of high school due to poor attendance, disciplinary problems, or suspensions, 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 of Representatives;

(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 Ohio 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;

(10) The superintendent of a big eight school district, as defined in section 3314.02 of the Revised Code, as selected by the Ohio 8 Coalition.

(B) The committee shall serve under the guidance of the Department of Education.

(C) Not later than six months after the effective date of this section, the committee shall prepare a report of its recommendations and submit the report to the chairpersons of the standing committees of the House of Representatives and the Senate that are principally responsible for education policy.

SECTION 6. Notwithstanding any provision of law, rule, or guideline to the contrary, for the 2014-2015 school year only:

(A) The Department of Education's report, pursuant to division (A)(4) of section 3314.015 of the Revised Code, 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 shall be submitted not later than March 31, 2016.

(B) Each community school sponsor's report, pursuant to divisions (D)(2) and (3) of section 3314.03 of the Revised Code, 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 shall be submitted not later than March 1, 2016.

(C) Each community school governing authority's report, pursuant to division (A)(11)(g) of section 3314.03 of the Revised Code, 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 shall be submitted not later than January 31, 2016.

SECTION 7. (A) Notwithstanding anything in the Revised Code to the contrary, for ratings based on the 2015-2016 school year only, the Department of Education may choose not to assign an overall rating under section 3314.016 of the Revised Code to an entity that sponsors community schools, if the entity meets all of the following conditions:

(1) The entity is a school district.

(2) At least one of the community schools sponsored by the entity is a conversion community school that primarily serves students enrolled in a dropout prevention and recovery program as described in division (A)(4)(a) of section 3314.35 of the Revised Code.

(3) At least one of the community schools sponsored by the entity, for the 2013-2014 school year, received on its report card issued under section 3314.017 of the Revised Code a rating of

either "meets standards" or "exceeds standards" for the four- and five-year cohort graduation rate.

(B) If the Department chooses not to assign an overall rating to a sponsor under division (A) of this section, the Department shall instead evaluate the sponsor using only the components specified under divisions (B)(1)(a) and (c) of section 3314.016 of the Revised Code, but it shall not assign an overall rating based on those components.

SECTION 8. Notwithstanding any provision of law to the contrary, the Department of Education may renew or extend an agreement between a sponsor and the Department pursuant to division (B) of section 3314.015 of the Revised Code that expires in June of 2016, one time only, for a period of up to two years, in the event that the Department has not yet issued a rating for the sponsor under section 3314.016 of the Revised Code, as that section exists on and after January 1, 2015.

Speaker _____ *of the House of Representatives.*

President _____ *of the Senate.*

Passed _____, 20____

Approved _____, 20____

Governor.

The section numbering of law of a general and permanent nature is complete and in conformity with the Revised Code.

Director, Legislative Service Commission.

Filed in the office of the Secretary of State at Columbus, Ohio, on the ____ day of _____, A. D. 20____.

Secretary of State.

File No. _____ Effective Date _____