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HB 2: Long-awaited Charter School Reform Package Passes Ohio House & Senate

The HB 2 conference committee report was agreed to by the Ohio House, 91-6, and by the Ohio Senate, 32-0, today. The passage of this long-awaited charter school reform bill is an important first step in overhauling Ohio's troubled charter schools.

This broad package of charter school reforms is intended to improve the accountability and transparency of Ohio's charter school system. Further, the bill seeks to ensure that bad sponsors and operators don't abuse the system. These meaningful improvements in HB 2 will begin to help protect students and public schools from Ohio's broken charter school laws.

"We applaud the state legislature for taking action at long last to improve the oversight and accountability of Ohio's charter schools," said Ohio Education Association President Becky Higgins. "With the enactment of stronger laws, the burden will now fall on the Ohio Department of Education (ODE) to make sure sponsors and operators of charter schools fulfill their mission and provide positive educational outcomes for Ohio's students."

There is still more work to be done to fix Ohio's broken charter schools. For example, leaders in both chambers of the General Assembly have recently acknowledged there are problems with the current way in which charter schools are funded. It places an unfair burden on local school districts, which are forced to subsidize the cost of students who transfer to charters because state funding is insufficient to cover the full expense. In addition, ODE has acknowledged there is a problem with students having more than one identification number if they attend a charter school, which opens the door to potential fraud and abuse. The OEA looks forward to working with House and Senate lawmakers to address these issues.

The HB 2 conference committee report amendments were based on the Senate-passed version of the bill. Some of the notable amendments:

Accountability:

- Requires ODE training for charter school sponsors.



- Sponsors rated “ineffective” can’t sponsor new schools and must establish quality improvement plans.
- After three consecutive “ineffective” ratings, sponsorship authority is revoked.
- Sponsors rated “poor” have sponsorship authority revoked immediately.
- Clarifies that a request to change sponsors for schools is made to ODE; if request is denied, an appeal may be made to the State Board of Education.
- Strengthens oversight of blended learning charter schools by requiring sponsors to annually review the model as part of annual assurances to ODE.
- Clarifies that annual performance evaluation of operators begins with the 2015-16 school year and shall be published annually by ODE no later than Nov. 15.
- Clarifies that the governing authority of a charter school is solely responsible for development of the school’s annual budget but may consult with their designated fiscal officer.
- Clarifies the requirement that all new charter schools must obtain a \$50,000 bond or guarantee prior to opening to cover the cost of an audit should the school close.
- Conversion charter school performance data on district report card addendum must include at least graduation rate, test passage and gap-closing.

Transparency:

- Requires annual reporting of expenditures by charter school sponsors and requires that the expenditure report be considered during the evaluation of sponsors.
- Clarifies that verification of data in charter school financial disclosures is done through an annual financial audit.
- Requires student attendance records to be made available to the ODE, the Auditor of State and the school’s sponsor to the extent permitted under the Family Educational Rights and Privacy Act (FERPA).
- Requires governing board members to file a disclosure statement each year that names relatives or business associates employed by the sponsor, operator or a vendor contracting with the school.

Other:

- Moves the deadline for the completion of a study of the California “similar student” measure to December 1, 2016, requires a report and recommendations to the State Board of Education and the General Assembly and removes the requirement that the measure be implemented.
- Clarifies that furniture, computers, software, equipment or other personal property purchased by an operator with state funds that were paid to the operator by a charter school is the property of the charter school, not the operator (addresses Ohio Supreme Court ruling in White-Hat case).
- Permits a public four-year university to sell services to a charter school they sponsor on a no-profit basis.

Social Security status of charter school employees hired by private operators:

In conference committee, language was added to the bill that would exempt charter school employees hired by private operators from retirement system membership if the operator pays into Social Security. The provision in the bill reflects a compromise between the retirement systems and a charter school operator who has been paying into both STRS/SERS and Social Security. Beginning next school year, new employees with such an operator would



be in Social Security only. Current charter employees who are contributing to state retirement systems are grandfathered and would continue to be members in STRS/SERS. HB 2 does not make any changes in retirement system membership, contributions or benefits of current or future school district employees.

Several legislators expressed opposition to the retirement system amendments both in terms of policy and process. During House floor debate, members of both parties committed to a thorough review of the language to avoid unintended consequences that could harm teachers, school employees or the retirement systems.