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# OHIO LEGISLATIVE SERVICE COMMISSION

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## Bill Analysis

**Version:** As Introduced

**Primary Sponsor:** Sen. Peterson

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### SUMMARY

- Permits a nonprofit operator and four or more community schools it operates to merge and form a community school network if they satisfy certain conditions.
- Permits a network to be created without the approval of the Department of Education or the approval of the sponsor of any individual community school in the network.
- Requires a network to generally operate as one community school with a primary internal retrieval number (IRN) assigned by the Department.
- Requires the Department to assign secondary IRNs to each community school in the network for prescribed purposes.
- Requires a network to have one governing authority, one common administration, one licensed fiscal officer, one or more sponsors, and network-based bank accounts.
- Permits a network that is compliant with requirements prescribed under the bill to expand by adding existing community schools to the network or creating new schools in the network.

### DETAILED ANALYSIS

#### Community school network

##### Formation

The bill permits a nonprofit operator and four or more community schools it operates to merge and form a community school network if they satisfy certain conditions. Specifically, the bill authorizes a merger if the operator has operated the community schools for three of the most recent school years and if:

1. All of the community schools before and after the merger are located in the county in which the “home district” is located or in an adjacent county;

2. The majority of the community schools in the proposed network either:
  - a. Received an overall performance rating of “three stars” or higher on the most recent state report card; or
  - b. Ranked in the highest 60% of the home district’s schools in either performance index or overall value-added progress dimension.
3. Each member of the original governing authority of any community school in the network and each proposed member of the governing authority of the network does not:
  - a. Receive compensation for meetings or for annually required governance training; and
  - b. Owe the state any money and is not in a dispute over whether the individual owes the state money at the time of formation.
4. The designated fiscal officer of any community school in the network does not owe the state any money and is not in a dispute over whether the officer owes the state money at the time of formation; and
5. The proposed sponsor or sponsors of the network received a rating of “effective” or higher on at least one of the most two recent evaluations prior to the formation of the network, or it is the Office of Ohio School Sponsorship.<sup>1</sup>

For the purposes of the bill, a “home district” is the school district in which the plurality of the community schools with their own secondary internal retrieval numbers (IRNs) are located. If two or more districts contain the same amount of community schools with their own IRNs, the home district is the district where the community school with the oldest IRN is located.<sup>2</sup>

The bill specifies that a community school network may be created without the approval of the Department of Education or the approval of the sponsor of any individual community school in the network. Rather, it permits a sponsor that has received a rating of “effective” or higher on at least one of the most two recent evaluations prior to the network’s formation, or the Office of Ohio School Sponsorship, to sponsor the network. That sponsor and the Department may modify the sponsor agreement.<sup>3</sup>

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<sup>1</sup> R.C. 3314.0213(A). The Office of Ohio School Sponsorship is established and operated by the Department of Education under R.C. 3314.029, not in the bill.

<sup>2</sup> R.C. 3314.0212(E).

<sup>3</sup> R.C. 3314.0213(B).

The bill requires the resulting community school network and each entity within it to generally comply with state law regarding community schools, except as otherwise provided in the bill.<sup>4</sup>

## Operation

The bill generally requires a community school network to be considered one community school. However, the Department must assign one primary IRN to the network, one secondary IRN for each community school in the network at the time of its creation, and one secondary IRN to each community school added to the network through expansion (see below). The bill permits the Department to use a previously assigned IRN as a community school's secondary IRN.<sup>5</sup>

The bill requires the Department to issue separate state report cards for each community school within a network using each school's secondary IRN. The Department must also compute a rating for each network as a whole and report that rating in the form of a school district report card using the network's primary IRN.<sup>6</sup>

The Department, the sponsor, the Auditor of State, or any other governmental authority or grantor must use only the network's primary IRN for conducting performance assessments for governance, finance, operations, audits, and auditor awards. Those entities also must use the primary IRN for compliance reporting or reviews, whether financial, governance, or operational and, generally, funding or grants.<sup>7</sup>

The Department, the sponsor, the Auditor of State, or any other governmental authority or grantor must use a community school's secondary IRN for:

1. Measuring educational progress to determine whether the school meets the criteria for automatic closure;<sup>8</sup>
2. Qualifying for quality school funding that is provided in the general operating budget, start-up or replication grants, or other customarily nonnetwork community school-based grants or monetary awards; and
3. Qualifying for school of promise recognition or other customarily nonnetwork community school-based recognition.<sup>9</sup>

The bill authorizes a network's sponsor, at the request of the network's governing authority, to voluntarily assign its community school contract to another of the network's

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<sup>4</sup> R.C. 3314.0214(C).

<sup>5</sup> R.C. 3314.0212 and 3314.0214(A) and (B).

<sup>6</sup> R.C. 3314.0214(B)(1).

<sup>7</sup> R.C. 3314.0214(B)(2).

<sup>8</sup> See R.C. 3314.35 and 3314.351, neither in the bill.

<sup>9</sup> R.C. 3314.0214(B)(3).

sponsors, which the assignee sponsor is permitted to accept. The assignee sponsor must enter into a modification of its current contract with the community school network adding the assigned secondary IRN community school or schools within 30 days of assignment.<sup>10</sup>

The bill requires that the assets of each previously separate community school and the network operator become the property of the network as a whole. It also specifies that a community school network ceases to exist when the last community school with a secondary IRN is permanently closed. In that event, any remaining assets must be distributed in accordance with continuing law.<sup>11</sup>

### **Organizational structure**

The bill requires a community school network's organizational structure to include:

1. Only one governing authority, the members of which do not receive compensation, do not owe money to the state, and are not in a dispute over whether they owe money to the state at the time of the merger;
2. One common administration and staff with at least one site-based administrator at each facility;
3. One licensed fiscal officer;
4. One or more sponsors, provided each sponsor has a contract and that contract identifies the schools for which it is responsible by their secondary IRNs; and
5. Network-based bank accounts with subaccounts as determined necessary or appropriate by the network.<sup>12</sup>

### **Expansion of network**

The bill authorizes a community school network to expand within the county in which its home district is located or in an adjacent county if the network is in compliance with the requirements prescribed for networks. To expand, a network may either:

1. Add one or more existing or first-year start-up or conversion community schools to the network, provided the school or schools satisfy the criteria for inclusion prescribed under the bill (see above); or
2. Establish a new start-up community school under the auspices of the public benefit corporation status assigned to the network as prescribed under continuing law.

The bill specifies that if an expansion occurs, the Department must assign a secondary IRN to the newly created school.<sup>13</sup>

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<sup>10</sup> R.C. 3314.0214(C).

<sup>11</sup> R.C. 3314.0214(D) and (E). See also R.C. 3314.074, not in the bill.

<sup>12</sup> R.C. 3314.0215(A).

<sup>13</sup> R.C. 3314.0215(B).

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## HISTORY

Action	Date
Introduced	09-30-21

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