

As Introduced

132nd General Assembly

Regular Session

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H. B. No. 707

Representatives Reineke, Faber

A BILL

To amend sections 3314.024, 3314.03, and 3314.08 1
and to enact sections 3301.65, 3314.043, and 2
3314.231 of the Revised Code with regard to the 3
operation of internet- and computer-based 4
community schools and to require the Joint 5
Committee on Agency Rule Review to review the 6
Department of Education's manual on full-time 7
equivalency student enrollment reporting. 8

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 3314.024, 3314.03, and 3314.08 be 9
amended and sections 3301.65, 3314.043, and 3314.231 of the 10
Revised Code be enacted to read as follows: 11

Sec. 3301.65. (A) The department of education, not later 12
than the first day of May each year, shall submit to the joint 13
committee on agency rule review, created in section 101.35 of 14
the Revised Code, the manual containing the standards, 15
procedures, timelines, and other requirements the department 16
intends to use to review or audit the full-time equivalency 17
student enrollment reporting by all school districts, community 18
schools established under Chapter 3314., STEM schools 19

established under Chapter 3326., and college-preparatory 20
boarding schools established under Chapter 3328. of the Revised 21
Code for the next school year. 22

(B) In addition to the requirement of division (A) of this 23
section, not later than the first day of May each year that the 24
department proposes changes to the manual, the department shall 25
submit to the joint committee on agency rule review, and to each 26
school district, community school, STEM school, and college- 27
preparatory boarding school a detailed summary of the changes, 28
specifically comparing the differences between the prior school 29
year's manual and the proposed manual. The department shall post 30
the summary and the proposed manual in a prominent location on 31
the department's web site. 32

(C) In the event that the department fails to comply with 33
this section or the specific timelines prescribed by this 34
section, or the joint committee on agency rule review, pursuant 35
to division (D) of this section, determines that schools are not 36
reasonably capable of compliance with the proposed manual, the 37
proposed manual shall be ineffective, and the department shall 38
conduct its reviews or audits using the manual and accompanying 39
standards, procedures, timelines, and other requirements from 40
the previous school year. 41

(D) (1) When the department of education proposes changes 42
in the full-time equivalency enrollment review and audit manual 43
upon submission of the manual and the proposed changes, the 44
joint committee on agency rule review shall hold one or more 45
public hearings at which school districts and schools may 46
present testimony on their ability and capacity to comply with 47
the proposed standards, procedures, timelines, and other 48
requirements contained within the manual. 49

(2) Not later than the fifteenth day of June of each year 50
the department proposes changes in that manual, the joint 51
committee on agency rule review shall vote to determine whether 52
districts and schools can reasonably comply with the proposed 53
standards, procedures, timelines, and other requirements related 54
to review or audit of full-time equivalency student enrollment 55
reporting. 56

(3) Not later than the first day of July each year in 57
which the joint committee on agency rule review determines that 58
schools are reasonably capable of compliance with proposed 59
changes in the standards, procedures, timelines, and other 60
requirements contained within the manual, the joint committee on 61
agency rule review shall prepare a report comparing the prior 62
year's standards, procedures, timelines, and other requirements 63
with the newest standards, procedures, timelines, and other 64
requirements and a summary of the testimony submitted in the 65
public hearings held pursuant to division (D) (1) of this section 66
to the general assembly in accordance with section 101.68 of the 67
Revised Code. 68

Sec. 3314.024. (A) A-If a management company that-, alone, 69
or together with the management company's subsidiaries, receives 70
more than twenty per cent of the annual gross revenues of a 71
community school, it shall provide a detailed accounting 72
including the nature and costs of goods and services it provides 73
to the community school. This information shall be reported 74
using the categories and designations set forth in divisions (B) 75
and (C) of this section, as applicable. 76

(B) The detailed accounting shall include the following 77
categories of expenses for each designation as set forth in 78
division (C) of this section: 79

(1) Aggregate salaries and wages;	80
(2) Aggregate employee benefits;	81
(3) Professional and technical services;	82
(4) Property services;	83
(5) Utilities;	84
(6) Contracted craft or trade services;	85
(7) Tuition paid to other districts;	86
(8) Transportation;	87
(9) Other purchased services;	88
(10) Supplies;	89
(11) Land;	90
(12) Buildings;	91
(13) Improvements other than buildings;	92
(14) Equipment;	93
(15) All other capital outlay;	94
(16) Principal;	95
(17) Interest;	96
(18) Judgments;	97
(19) Other direct and indirect costs;	98
<u>(20) Communications, advertising, and promotions;</u>	99
<u>(21) Travel;</u>	100
<u>(22) Food;</u>	101

<u>(23) Books, periodicals, and films;</u>	102
<u>(24) Overhead;</u>	103
<u>(25) In-kind donations;</u>	104
<u>(26) Lobbying;</u>	105
<u>(27) Accounting;</u>	106
<u>(28) Legal services;</u>	107
<u>(29) Information technology.</u>	108
(C) The expenses set forth in division (B) of this section	109
shall be disaggregated according to the following designations,	110
as applicable:	111
(1) Regular instruction;	112
(2) Special instruction;	113
(3) Vocational instruction;	114
(4) Other instruction;	115
(5) Support services;	116
(6) Noninstructional activities.	117
(D) The information provided pursuant to this section	118
shall be subject to verification through examination of	119
community school records during the course of the regular	120
financial audit of the community school.	121
Sec. 3314.03. A copy of every contract entered into under	122
this section shall be filed with the superintendent of public	123
instruction. The department of education shall make available on	124
its web site a copy of every approved, executed contract filed	125
with the superintendent under this section.	126

(A) Each contract entered into between a sponsor and the governing authority of a community school shall specify the following:	127 128 129
(1) That the school shall be established as either of the following:	130 131
(a) A nonprofit corporation established under Chapter 1702. of the Revised Code, if established prior to April 8, 2003;	132 133 134
(b) A public benefit corporation established under Chapter 1702. of the Revised Code, if established after April 8, 2003.	135 136
(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;	137 138 139 140
(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;	141 142 143 144
(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;	145 146 147 148
(5) The admission standards of section 3314.06 of the Revised Code and, if applicable, section 3314.061 of the Revised Code;	149 150 151
(6) (a) Dismissal procedures;	152
(b) A requirement that the governing authority adopt an attendance policy that includes a procedure for automatically	153 154

withdrawing a student from the school if the student without a	155
legitimate excuse fails to participate in one hundred five	156
consecutive hours of the learning opportunities offered to the	157
student.	158
(7) The ways by which the school will achieve racial and	159
ethnic balance reflective of the community it serves;	160
(8) Requirements for financial audits by the auditor of	161
state. The contract shall require financial records of the	162
school to be maintained in the same manner as are financial	163
records of school districts, pursuant to rules of the auditor of	164
state. Audits shall be conducted in accordance with section	165
117.10 of the Revised Code.	166
(9) An addendum to the contract outlining the facilities	167
to be used that contains at least the following information:	168
(a) A detailed description of each facility used for	169
instructional purposes;	170
(b) The annual costs associated with leasing each facility	171
that are paid by or on behalf of the school;	172
(c) The annual mortgage principal and interest payments	173
that are paid by the school;	174
(d) The name of the lender or landlord, identified as	175
such, and the lender's or landlord's relationship to the	176
operator, if any.	177
(10) Qualifications of teachers, including a requirement	178
that the school's classroom teachers be licensed in accordance	179
with sections 3319.22 to 3319.31 of the Revised Code, except	180
that a community school may engage noncertificated persons to	181
teach up to twelve hours per week pursuant to section 3319.301	182

of the Revised Code.	183
(11) That the school will comply with the following	184
requirements:	185
(a) The school will provide learning opportunities to a	186
minimum of twenty-five students for a minimum of nine hundred	187
twenty hours per school year.	188
(b) The governing authority will purchase liability	189
insurance, or otherwise provide for the potential liability of	190
the school.	191
(c) The school will be nonsectarian in its programs,	192
admission policies, employment practices, and all other	193
operations, and will not be operated by a sectarian school or	194
religious institution.	195
(d) The school will comply with sections 9.90, 9.91,	196
109.65, 121.22, 149.43, 2151.357, 2151.421, 2313.19, 3301.0710,	197
3301.0711, 3301.0712, 3301.0715, 3301.0729, 3301.948, 3313.472,	198
3313.50, 3313.536, 3313.539, 3313.5310, 3313.608, 3313.609,	199
3313.6012, 3313.6013, 3313.6014, 3313.6015, 3313.6020, 3313.643,	200
3313.648, 3313.6411, 3313.66, 3313.661, 3313.662, 3313.666,	201
3313.667, 3313.668, 3313.67, 3313.671, 3313.672, 3313.673,	202
3313.69, 3313.71, 3313.716, 3313.718, 3313.719, 3313.7112,	203
3313.721, 3313.80, 3313.814, 3313.816, 3313.817, 3313.86,	204
3313.89, 3313.96, 3319.073, 3319.321, 3319.39, 3319.391,	205
3319.41, 3319.46, 3321.01, 3321.041, 3321.13, 3321.14, 3321.17,	206
3321.18, 3321.19, 3321.191, 3327.10, 4111.17, 4113.52, and	207
5705.391 and Chapters 117., 1347., 2744., 3365., 3742., 4112.,	208
4123., 4141., and 4167. of the Revised Code as if it were a	209
school district and will comply with section 3301.0714 of the	210
Revised Code in the manner specified in section 3314.17 of the	211

Revised Code.	212
(e) The school shall comply with Chapter 102. and section	213
2921.42 of the Revised Code.	214
(f) The school will comply with sections 3313.61,	215
3313.611, and 3313.614 of the Revised Code, except that for	216
students who enter ninth grade for the first time before July 1,	217
2010, the requirement in sections 3313.61 and 3313.611 of the	218
Revised Code that a person must successfully complete the	219
curriculum in any high school prior to receiving a high school	220
diploma may be met by completing the curriculum adopted by the	221
governing authority of the community school rather than the	222
curriculum specified in Title XXXVIII of the Revised Code or any	223
rules of the state board of education. Beginning with students	224
who enter ninth grade for the first time on or after July 1,	225
2010, the requirement in sections 3313.61 and 3313.611 of the	226
Revised Code that a person must successfully complete the	227
curriculum of a high school prior to receiving a high school	228
diploma shall be met by completing the requirements prescribed	229
in division (C) of section 3313.603 of the Revised Code, unless	230
the person qualifies under division (D) or (F) of that section.	231
Each school shall comply with the plan for awarding high school	232
credit based on demonstration of subject area competency, and	233
beginning with the 2017-2018 school year, with the updated plan	234
that permits students enrolled in seventh and eighth grade to	235
meet curriculum requirements based on subject area competency	236
adopted by the state board of education under divisions (J) (1)	237
and (2) of section 3313.603 of the Revised Code. Beginning with	238
the 2018-2019 school year, the school shall comply with the	239
framework for granting units of high school credit to students	240
who demonstrate subject area competency through work-based	241
learning experiences, internships, or cooperative education	242

developed by the department under division (J) (3) of section	243
3313.603 of the Revised Code.	244
(g) The school governing authority will submit within four	245
months after the end of each school year a report of its	246
activities and progress in meeting the goals and standards of	247
divisions (A) (3) and (4) of this section and its financial	248
status to the sponsor and the parents of all students enrolled	249
in the school.	250
(h) The school, unless it is an internet- or computer-	251
based community school, will comply with section 3313.801 of the	252
Revised Code as if it were a school district.	253
(i) If the school is the recipient of moneys from a grant	254
awarded under the federal race to the top program, Division (A),	255
Title XIV, Sections 14005 and 14006 of the "American Recovery	256
and Reinvestment Act of 2009," Pub. L. No. 111-5, 123 Stat. 115,	257
the school will pay teachers based upon performance in	258
accordance with section 3317.141 and will comply with section	259
3319.111 of the Revised Code as if it were a school district.	260
(j) If the school operates a preschool program that is	261
licensed by the department of education under sections 3301.52	262
to 3301.59 of the Revised Code, the school shall comply with	263
sections 3301.50 to 3301.59 of the Revised Code and the minimum	264
standards for preschool programs prescribed in rules adopted by	265
the state board under section 3301.53 of the Revised Code.	266
(k) The school will comply with sections 3313.6021 and	267
3313.6023 of the Revised Code as if it were a school district	268
unless it is either of the following:	269
(i) An internet- or computer-based community school;	270
(ii) A community school in which a majority of the	271

enrolled students are children with disabilities as described in	272
division (A) (4) (b) of section 3314.35 of the Revised Code.	273
(12) Arrangements for providing health and other benefits	274
to employees;	275
(13) The length of the contract, which shall begin at the	276
beginning of an academic year. No contract shall exceed five	277
years unless such contract has been renewed pursuant to division	278
(E) of this section.	279
(14) The governing authority of the school, which shall be	280
responsible for carrying out the provisions of the contract;	281
(15) A financial plan detailing an estimated school budget	282
for each year of the period of the contract and specifying the	283
total estimated per pupil expenditure amount for each such year.	284
(16) Requirements and procedures regarding the disposition	285
of employees of the school in the event the contract is	286
terminated or not renewed pursuant to section 3314.07 of the	287
Revised Code;	288
(17) Whether the school is to be created by converting all	289
or part of an existing public school or educational service	290
center building or is to be a new start-up school, and if it is	291
a converted public school or service center building,	292
specification of any duties or responsibilities of an employer	293
that the board of education or service center governing board	294
that operated the school or building before conversion is	295
delegating to the governing authority of the community school	296
with respect to all or any specified group of employees provided	297
the delegation is not prohibited by a collective bargaining	298
agreement applicable to such employees;	299
(18) Provisions establishing procedures for resolving	300

disputes or differences of opinion between the sponsor and the 301
governing authority of the community school; 302

(19) A provision requiring the governing authority to 303
adopt a policy regarding the admission of students who reside 304
outside the district in which the school is located. That policy 305
shall comply with the admissions procedures specified in 306
sections 3314.06 and 3314.061 of the Revised Code and, at the 307
sole discretion of the authority, shall do one of the following: 308

(a) Prohibit the enrollment of students who reside outside 309
the district in which the school is located; 310

(b) Permit the enrollment of students who reside in 311
districts adjacent to the district in which the school is 312
located; 313

(c) Permit the enrollment of students who reside in any 314
other district in the state. 315

(20) A provision recognizing the authority of the 316
department of education to take over the sponsorship of the 317
school in accordance with the provisions of division (C) of 318
section 3314.015 of the Revised Code; 319

(21) A provision recognizing the sponsor's authority to 320
assume the operation of a school under the conditions specified 321
in division (B) of section 3314.073 of the Revised Code; 322

(22) A provision recognizing both of the following: 323

(a) The authority of public health and safety officials to 324
inspect the facilities of the school and to order the facilities 325
closed if those officials find that the facilities are not in 326
compliance with health and safety laws and regulations; 327

(b) The authority of the department of education as the 328

community school oversight body to suspend the operation of the 329
school under section 3314.072 of the Revised Code if the 330
department has evidence of conditions or violations of law at 331
the school that pose an imminent danger to the health and safety 332
of the school's students and employees and the sponsor refuses 333
to take such action. 334

(23) A description of the learning opportunities that will 335
be offered to students including both classroom-based and non- 336
classroom-based learning opportunities that is in compliance 337
with criteria for student participation established by the 338
department under division (H) (2) of section 3314.08 of the 339
Revised Code; 340

(24) The school will comply with sections 3302.04 and 341
3302.041 of the Revised Code, except that any action required to 342
be taken by a school district pursuant to those sections shall 343
be taken by the sponsor of the school. However, the sponsor 344
shall not be required to take any action described in division 345
(F) of section 3302.04 of the Revised Code. 346

(25) Beginning in the 2006-2007 school year, the school 347
will open for operation not later than the thirtieth day of 348
September each school year, unless the mission of the school as 349
specified under division (A) (2) of this section is solely to 350
serve dropouts. In its initial year of operation, if the school 351
fails to open by the thirtieth day of September, or within one 352
year after the adoption of the contract pursuant to division (D) 353
of section 3314.02 of the Revised Code if the mission of the 354
school is solely to serve dropouts, the contract shall be void. 355

(26) Whether the school's governing authority is planning 356
to seek designation for the school as a STEM school equivalent 357
under section 3326.032 of the Revised Code; 358

(27) That the school's attendance and participation policies will be available for public inspection;	359 360
(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;	361 362 363 364 365 366 367
(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:	368 369 370
(a) An indication of what blended learning model or models will be used;	371 372
(b) A description of how student instructional needs will be determined and documented;	373 374
(c) The method to be used for determining competency, granting credit, and promoting students to a higher grade level;	375 376
(d) The school's attendance requirements, including how the school will document participation in learning opportunities;	377 378 379
(e) A statement describing how student progress will be monitored;	380 381
(f) A statement describing how private student data will be protected;	382 383
(g) A description of the professional development activities that will be offered to teachers.	384 385

(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;

(32) A provision requiring the sponsor to receive a disclosure from an operator of the school of all subcontracts the operator enters into for the operation of the school.

(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. 414
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(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 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. 416
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(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: 426
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(1) Monitor the community school's compliance with all laws applicable to the school and with the terms of the contract; 431
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(2) Monitor and evaluate the academic and fiscal performance and the organization and operation of the community school on at least an annual basis; 434
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(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; 437
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(4) Provide technical assistance to the community school in complying with laws applicable to the school and terms of the 441
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contract; 443

(5) Take steps to intervene in the school's operation to 444
correct problems in the school's overall performance, declare 445
the school to be on probationary status pursuant to section 446
3314.073 of the Revised Code, suspend the operation of the 447
school pursuant to section 3314.072 of the Revised Code, or 448
terminate the contract of the school pursuant to section 3314.07 449
of the Revised Code as determined necessary by the sponsor; 450

(6) Have in place a plan of action to be undertaken in the 451
event the community school experiences financial difficulties or 452
closes prior to the end of a school year. 453

(E) Upon the expiration of a contract entered into under 454
this section, the sponsor of a community school may, with the 455
approval of the governing authority of the school, renew that 456
contract for a period of time determined by the sponsor, but not 457
ending earlier than the end of any school year, if the sponsor 458
finds that the school's compliance with applicable laws and 459
terms of the contract and the school's progress in meeting the 460
academic goals prescribed in the contract have been 461
satisfactory. Any contract that is renewed under this division 462
remains subject to the provisions of sections 3314.07, 3314.072, 463
and 3314.073 of the Revised Code. 464

(F) If a community school fails to open for operation 465
within one year after the contract entered into under this 466
section is adopted pursuant to division (D) of section 3314.02 467
of the Revised Code or permanently closes prior to the 468
expiration of the contract, the contract shall be void and the 469
school shall not enter into a contract with any other sponsor. A 470
school shall not be considered permanently closed because the 471
operations of the school have been suspended pursuant to section 472

3314.072 of the Revised Code. 473

Sec. 3314.043. In the case there exists any business or 474
familial relationship between a governing authority of a 475
community school or any of its officers or employees and a 476
management company contracted by the school or any of that 477
company's officers or employees, other than the operator 478
agreement itself, the management company shall agree to 479
indemnify the school for financial losses to the community 480
school up to the amount of the profit realized or monies 481
received by the management company or the other related 482
entities, or both. 483

Sec. 3314.08. (A) As used in this section: 484

(1) (a) "Category one career-technical education student" 485
means a student who is receiving the career-technical education 486
services described in division (A) of section 3317.014 of the 487
Revised Code. 488

(b) "Category two career-technical student" means a 489
student who is receiving the career-technical education services 490
described in division (B) of section 3317.014 of the Revised 491
Code. 492

(c) "Category three career-technical student" means a 493
student who is receiving the career-technical education services 494
described in division (C) of section 3317.014 of the Revised 495
Code. 496

(d) "Category four career-technical student" means a 497
student who is receiving the career-technical education services 498
described in division (D) of section 3317.014 of the Revised 499
Code. 500

(e) "Category five career-technical education student" 501

means a student who is receiving the career-technical education 502
services described in division (E) of section 3317.014 of the 503
Revised Code. 504

(2) (a) "Category one limited English proficient student" 505
means a limited English proficient student described in division 506
(A) of section 3317.016 of the Revised Code. 507

(b) "Category two limited English proficient student" 508
means a limited English proficient student described in division 509
(B) of section 3317.016 of the Revised Code. 510

(c) "Category three limited English proficient student" 511
means a limited English proficient student described in division 512
(C) of section 3317.016 of the Revised Code. 513

(3) (a) "Category one special education student" means a 514
student who is receiving special education services for a 515
disability specified in division (A) of section 3317.013 of the 516
Revised Code. 517

(b) "Category two special education student" means a 518
student who is receiving special education services for a 519
disability specified in division (B) of section 3317.013 of the 520
Revised Code. 521

(c) "Category three special education student" means a 522
student who is receiving special education services for a 523
disability specified in division (C) of section 3317.013 of the 524
Revised Code. 525

(d) "Category four special education student" means a 526
student who is receiving special education services for a 527
disability specified in division (D) of section 3317.013 of the 528
Revised Code. 529

(e) "Category five special education student" means a student who is receiving special education services for a disability specified in division (E) of section 3317.013 of the Revised Code.

(f) "Category six special education student" means a student who is receiving special education services for a disability specified in division (F) of section 3317.013 of the Revised Code.

(4) "Formula amount" has the same meaning as in section 3317.02 of the Revised Code.

(5) "IEP" has the same meaning as in section 3323.01 of the Revised Code.

(6) "Resident district" means the school district in which a student is entitled to attend school under section 3313.64 or 3313.65 of the Revised Code.

(7) "State education aid" has the same meaning as in section 5751.20 of the Revised Code.

(B) The state board of education shall adopt rules requiring both of the following:

(1) The board of education of each city, exempted village, and local school district to annually report the number of students entitled to attend school in the district who are enrolled in each grade kindergarten through twelve in a community school established under this chapter, and for each child, the community school in which the child is enrolled.

(2) The governing authority of each community school established under this chapter to annually report all of the following:

(a) The number of students enrolled in grades one through	558
twelve and the full-time equivalent number of students enrolled	559
in kindergarten in the school who are not receiving special	560
education and related services pursuant to an IEP;	561
(b) The number of enrolled students in grades one through	562
twelve and the full-time equivalent number of enrolled students	563
in kindergarten, who are receiving special education and related	564
services pursuant to an IEP;	565
(c) The number of students reported under division (B) (2)	566
(b) of this section receiving special education and related	567
services pursuant to an IEP for a disability described in each	568
of divisions (A) to (F) of section 3317.013 of the Revised Code;	569
(d) The full-time equivalent number of students reported	570
under divisions (B) (2) (a) and (b) of this section who are	571
enrolled in career-technical education programs or classes	572
described in each of divisions (A) to (E) of section 3317.014 of	573
the Revised Code that are provided by the community school;	574
(e) The number of students reported under divisions (B) (2)	575
(a) and (b) of this section who are not reported under division	576
(B) (2) (d) of this section but who are enrolled in career-	577
technical education programs or classes described in each of	578
divisions (A) to (E) of section 3317.014 of the Revised Code at	579
a joint vocational school district or another district in the	580
career-technical planning district to which the school is	581
assigned;	582
(f) The number of students reported under divisions (B) (2)	583
(a) and (b) of this section who are category one to three	584
limited English proficient students described in each of	585
divisions (A) to (C) of section 3317.016 of the Revised Code;	586

(g) The number of students reported under divisions (B) (2) 587
(a) and (b) of this section who are economically disadvantaged, 588
as defined by the department. A student shall not be 589
categorically excluded from the number reported under division 590
(B) (2) (g) of this section based on anything other than family 591
income. 592

(h) For each student, the city, exempted village, or local 593
school district in which the student is entitled to attend 594
school under section 3313.64 or 3313.65 of the Revised Code. 595

(i) The number of students enrolled in a preschool program 596
operated by the school that is licensed by the department of 597
education under sections 3301.52 to 3301.59 of the Revised Code 598
who are not receiving special education and related services 599
pursuant to an IEP. 600

A school district board and a community school governing 601
authority shall include in their respective reports under 602
division (B) of this section any child admitted in accordance 603
with division (A) (2) of section 3321.01 of the Revised Code. 604

A governing authority of a community school shall not 605
include in its report under divisions (B) (2) (a) to (h) of this 606
section any student for whom tuition is charged under division 607
(F) of this section. 608

(C) (1) Except as provided in division (C) (2) of this 609
section, and subject to divisions (C) (3), (4), (5), (6), and (7) 610
of this section, on a full-time equivalency basis, for each 611
student enrolled in a community school established under this 612
chapter, the department of education annually shall deduct from 613
the state education aid of a student's resident district and, if 614
necessary, from the payment made to the district under sections 615

321.24 and 323.156 of the Revised Code and pay to the community school the sum of the following:	616 617
(a) An opportunity grant in an amount equal to the formula amount;	618 619
(b) The per pupil amount of targeted assistance funds calculated under division (A) of section 3317.0217 of the Revised Code for the student's resident district, as determined by the department, X 0.25;	620 621 622 623
(c) Additional state aid for special education and related services provided under Chapter 3323. of the Revised Code as follows:	624 625 626
(i) If the student is a category one special education student, the amount specified in division (A) of section 3317.013 of the Revised Code;	627 628 629
(ii) If the student is a category two special education student, the amount specified in division (B) of section 3317.013 of the Revised Code;	630 631 632
(iii) If the student is a category three special education student, the amount specified in division (C) of section 3317.013 of the Revised Code;	633 634 635
(iv) If the student is a category four special education student, the amount specified in division (D) of section 3317.013 of the Revised Code;	636 637 638
(v) If the student is a category five special education student, the amount specified in division (E) of section 3317.013 of the Revised Code;	639 640 641
(vi) If the student is a category six special education student, the amount specified in division (F) of section	642 643

3317.013 of the Revised Code.	644
(d) If the student is in kindergarten through third grade, an additional amount of \$320;	645 646
(e) If the student is economically disadvantaged, an additional amount equal to the following:	647 648
\$272 X the resident district's economically disadvantaged index	649 650
(f) Limited English proficiency funds as follows:	651
(i) If the student is a category one limited English proficient student, the amount specified in division (A) of section 3317.016 of the Revised Code;	652 653 654
(ii) If the student is a category two limited English proficient student, the amount specified in division (B) of section 3317.016 of the Revised Code;	655 656 657
(iii) If the student is a category three limited English proficient student, the amount specified in division (C) of section 3317.016 of the Revised Code.	658 659 660
(g) If the student is reported under division (B) (2) (d) of this section, career-technical education funds as follows:	661 662
(i) If the student is a category one career-technical education student, the amount specified in division (A) of section 3317.014 of the Revised Code;	663 664 665
(ii) If the student is a category two career-technical education student, the amount specified in division (B) of section 3317.014 of the Revised Code;	666 667 668
(iii) If the student is a category three career-technical education student, the amount specified in division (C) of	669 670

section 3317.014 of the Revised Code; 671

(iv) If the student is a category four career-technical 672
education student, the amount specified in division (D) of 673
section 3317.014 of the Revised Code; 674

(v) If the student is a category five career-technical 675
education student, the amount specified in division (E) of 676
section 3317.014 of the Revised Code. 677

Deduction and payment of funds under division (C)(1)(g) of 678
this section is subject to approval by the lead district of a 679
career-technical planning district or the department of 680
education under section 3317.161 of the Revised Code. 681

(2) When deducting from the state education aid of a 682
student's resident district for students enrolled in an 683
internet- or computer-based community school and making payments 684
to such school under this section, the department shall make the 685
deductions and payments described in only divisions (C)(1)(a), 686
(c), and (g) of this section. 687

No deductions or payments shall be made for a student 688
enrolled in such school under division (C)(1)(b), (d), (e), or 689
(f) of this section. 690

(3)(a) If a community school's costs for a fiscal year for 691
a student receiving special education and related services 692
pursuant to an IEP for a disability described in divisions (B) 693
to (F) of section 3317.013 of the Revised Code exceed the 694
threshold catastrophic cost for serving the student as specified 695
in division (B) of section 3317.0214 of the Revised Code, the 696
school may submit to the superintendent of public instruction 697
documentation, as prescribed by the superintendent, of all its 698
costs for that student. Upon submission of documentation for a 699

student of the type and in the manner prescribed, the department 700
shall pay to the community school an amount equal to the 701
school's costs for the student in excess of the threshold 702
catastrophic costs. 703

(b) The community school shall report under division (C) 704
(3) (a) of this section, and the department shall pay for, only 705
the costs of educational expenses and the related services 706
provided to the student in accordance with the student's 707
individualized education program. Any legal fees, court costs, 708
or other costs associated with any cause of action relating to 709
the student may not be included in the amount. 710

(4) In any fiscal year, a community school receiving funds 711
under division (C) (1) (g) of this section shall spend those funds 712
only for the purposes that the department designates as approved 713
for career-technical education expenses. Career-technical 714
education expenses approved by the department shall include only 715
expenses connected to the delivery of career-technical 716
programming to career-technical students. The department shall 717
require the school to report data annually so that the 718
department may monitor the school's compliance with the 719
requirements regarding the manner in which funding received 720
under division (C) (1) (g) of this section may be spent. 721

(5) Notwithstanding anything to the contrary in section 722
3313.90 of the Revised Code, except as provided in division (C) 723
(9) of this section, all funds received under division (C) (1) (g) 724
of this section shall be spent in the following manner: 725

(a) At least seventy-five per cent of the funds shall be 726
spent on curriculum development, purchase, and implementation; 727
instructional resources and supplies; industry-based program 728
certification; student assessment, credentialing, and placement; 729

curriculum specific equipment purchases and leases; career- 730
technical student organization fees and expenses; home and 731
agency linkages; work-based learning experiences; professional 732
development; and other costs directly associated with career- 733
technical education programs including development of new 734
programs. 735

(b) Not more than twenty-five per cent of the funds shall 736
be used for personnel expenditures. 737

(6) A community school shall spend the funds it receives 738
under division (C) (1) (e) of this section in accordance with 739
section 3317.25 of the Revised Code. 740

(7) If the sum of the payments computed under divisions 741
(C) (1) and (8) (a) of this section for the students entitled to 742
attend school in a particular school district under sections 743
3313.64 and 3313.65 of the Revised Code exceeds the sum of that 744
district's state education aid and its payment under sections 745
321.24 and 323.156 of the Revised Code, the department shall 746
calculate and apply a proration factor to the payments to all 747
community schools under that division for the students entitled 748
to attend school in that district. 749

(8) (a) Subject to division (C) (7) of this section, the 750
department annually shall pay to each community school, 751
including each internet- or computer-based community school, an 752
amount equal to the following: 753

(The number of students reported by the community school 754
under division (B) (2) (e) of this section X the formula amount 755
X .20) 756

(b) For each payment made to a community school under 757
division (C) (8) (a) of this section, the department shall deduct 758

from the state education aid of each city, local, and exempted 759
village school district and, if necessary, from the payment made 760
to the district under sections 321.24 and 323.156 of the Revised 761
Code an amount equal to the following: 762

(The number of the district's students reported by the 763
community school under division (B) (2) (e) of this section X the 764
formula amount X .20) 765

(9) The department may waive the requirement in division 766
(C) (5) of this section for any community school that exclusively 767
provides one or more career-technical workforce development 768
programs in arts and communications that are not equipment- 769
intensive, as determined by the department. 770

(D) A board of education sponsoring a community school may 771
utilize local funds to make enhancement grants to the school or 772
may agree, either as part of the contract or separately, to 773
provide any specific services to the community school at no cost 774
to the school. 775

(E) A community school may not levy taxes or issue bonds 776
secured by tax revenues. 777

(F) No community school shall charge tuition for the 778
enrollment of any student who is a resident of this state. A 779
community school may charge tuition for the enrollment of any 780
student who is not a resident of this state. 781

(G) (1) (a) A community school may borrow money to pay any 782
necessary and actual expenses of the school in anticipation of 783
the receipt of any portion of the payments to be received by the 784
school pursuant to division (C) of this section. The school may 785
issue notes to evidence such borrowing. The proceeds of the 786
notes shall be used only for the purposes for which the 787

anticipated receipts may be lawfully expended by the school. 788

(b) A school may also borrow money for a term not to 789
exceed fifteen years for the purpose of acquiring facilities. 790

(2) Except for any amount guaranteed under section 3318.50 791
of the Revised Code, the state is not liable for debt incurred 792
by the governing authority of a community school. 793

(H) The department of education shall adjust the amounts 794
subtracted and paid under division (C) of this section to 795
reflect any enrollment of students in community schools for less 796
than the equivalent of a full school year. The state board of 797
education within ninety days after April 8, 2003, shall adopt in 798
accordance with Chapter 119. of the Revised Code rules governing 799
the payments to community schools under this section including 800
initial payments in a school year and adjustments and reductions 801
made in subsequent periodic payments to community schools and 802
corresponding deductions from school district accounts as 803
provided under division (C) of this section. For purposes of 804
this section: 805

(1) A student shall be considered enrolled in the 806
community school for any portion of the school year the student 807
is participating at a college under Chapter 3365. of the Revised 808
Code. 809

(2) A student shall be considered to be enrolled in a 810
community school for the period of time beginning on the later 811
of the date on which the school both has received documentation 812
of the student's enrollment from a parent and the student has 813
commenced participation in learning opportunities as defined in 814
the contract with the sponsor, or thirty days prior to the date 815
on which the student is entered into the education management 816

information system established under section 3301.0714 of the Revised Code. For purposes of applying this division and divisions (H) (3) and (4) of this section to a community school student, "learning opportunities" shall be defined in the contract, which shall describe both classroom-based and non-classroom-based learning opportunities and shall be in compliance with criteria and documentation requirements for student participation which shall be established by the department. Any student's instruction time in non-classroom-based learning opportunities shall be certified by an employee of the community school. A student's enrollment shall be considered to cease on the date on which any of the following occur:

(a) The community school receives documentation from a parent terminating enrollment of the student.

(b) The community school is provided documentation of a student's enrollment in another public or private school.

(c) The community school ceases to offer learning opportunities to the student pursuant to the terms of the contract with the sponsor or the operation of any provision of this chapter.

Except as otherwise specified in this paragraph, beginning in the 2011-2012 school year, any student who completed the prior school year in an internet- or computer-based community school shall be considered to be enrolled in the same school in the subsequent school year until the student's enrollment has ceased as specified in division (H) (2) of this section. The department shall continue subtracting and paying amounts for the student under division (C) of this section without interruption at the start of the subsequent school year. However, if the

student without a legitimate excuse fails to participate in the 847
first one hundred five consecutive hours of learning 848
opportunities offered to the student in that subsequent school 849
year, the student shall be considered not to have re-enrolled in 850
the school for that school year and the department shall 851
recalculate the payments to the school for that school year to 852
account for the fact that the student is not enrolled. 853

(3) The department shall determine each community school 854
student's percentage of full-time equivalency based on the 855
percentage of learning opportunities offered by the community 856
school to that student, reported either as number of hours or 857
number of days, is of the total learning opportunities offered 858
by the community school to a student who attends for the 859
school's entire school year. However, no internet- or computer- 860
based community school shall be credited for any time a student 861
spends participating in learning opportunities beyond ten hours 862
within any period of twenty-four consecutive hours. Whether it 863
reports hours or days of learning opportunities, each community 864
school shall offer not less than nine hundred twenty hours of 865
learning opportunities during the school year. 866

(4) With respect to the calculation of full-time 867
equivalency under division (H) (3) of this section, the 868
department shall waive the number of hours or days of learning 869
opportunities not offered to a student because the community 870
school was closed during the school year due to disease 871
epidemic, hazardous weather conditions, law enforcement 872
emergencies, inoperability of school buses or other equipment 873
necessary to the school's operation, damage to a school 874
building, or other temporary circumstances due to utility 875
failure rendering the school building unfit for school use, so 876
long as the school was actually open for instruction with 877

students in attendance during that school year for not less than 878
the minimum number of hours required by this chapter. The 879
department shall treat the school as if it were open for 880
instruction with students in attendance during the hours or days 881
waived under this division. 882

(I) The department of education shall reduce the amounts 883
paid under this section to reflect payments made to colleges 884
under section 3365.07 of the Revised Code. 885

(J) (1) No student shall be considered enrolled in any 886
internet- or computer-based community school or, if applicable 887
to the student, in any community school that is required to 888
provide the student with a computer pursuant to division (C) of 889
section 3314.22 of the Revised Code, unless both of the 890
following conditions are satisfied: 891

(a) The student possesses or has been provided with all 892
required hardware and software materials and all such materials 893
are operational so that the student is capable of fully 894
participating in the learning opportunities specified in the 895
contract between the school and the school's sponsor as required 896
by division (A) (23) of section 3314.03 of the Revised Code; 897

(b) The school is in compliance with division (A) of 898
section 3314.22 of the Revised Code, relative to such student. 899

(2) In accordance with policies adopted ~~jointly~~ by the 900
superintendent of public instruction ~~and~~, in consultation with 901
the auditor of state, the department shall reduce the amounts 902
otherwise payable under division (C) of this section to any 903
community school that includes in its program the provision of 904
computer hardware and software materials to any student, if such 905
hardware and software materials have not been delivered, 906

installed, and activated for each such student in a timely 907
manner or other educational materials or services have not been 908
provided according to the contract between the individual 909
community school and its sponsor. 910

The superintendent of public instruction and the auditor 911
of state shall jointly establish a method for auditing any 912
community school to which this division pertains to ensure 913
compliance with this section. 914

The superintendent, auditor of state, and the governor 915
shall jointly make recommendations to the general assembly for 916
legislative changes that may be required to assure fiscal and 917
academic accountability for such schools. 918

(K) (1) If the department determines that a review of a 919
community school's enrollment is necessary, such review shall be 920
completed and written notice of the findings shall be provided 921
to the governing authority of the community school and its 922
sponsor within ninety days of the end of the community school's 923
fiscal year, unless extended for a period not to exceed thirty 924
additional days for one of the following reasons: 925

(a) The department and the community school mutually agree 926
to the extension. 927

(b) Delays in data submission caused by either a community 928
school or its sponsor. 929

(2) If the review results in a finding that additional 930
funding is owed to the school, such payment shall be made within 931
thirty days of the written notice. If the review results in a 932
finding that the community school owes moneys to the state, the 933
following procedure shall apply: 934

(a) Within ten business days of the receipt of the notice 935

of findings, the community school may appeal the department's 936
determination to the state board of education or its designee. 937

(b) The board or its designee shall conduct an informal 938
hearing on the matter within thirty days of receipt of such an 939
appeal and shall issue a decision within fifteen days of the 940
conclusion of the hearing. 941

(c) If the board has enlisted a designee to conduct the 942
hearing, the designee shall certify its decision to the board. 943
The board may accept the decision of the designee or may reject 944
the decision of the designee and issue its own decision on the 945
matter. 946

(d) Any decision made by the board under this division is 947
final. 948

(3) If it is decided that the community school owes moneys 949
to the state, the department shall deduct such amount from the 950
school's future payments in accordance with guidelines issued by 951
the superintendent of public instruction. 952

(L) The department shall not subtract from a school 953
district's state aid account and shall not pay to a community 954
school under division (C) of this section any amount for any of 955
the following: 956

(1) Any student who has graduated from the twelfth grade 957
of a public or nonpublic high school; 958

(2) Any student who is not a resident of the state; 959

(3) Any student who was enrolled in the community school 960
during the previous school year when assessments were 961
administered under section 3301.0711 of the Revised Code but did 962
not take one or more of the assessments required by that section 963

and was not excused pursuant to division (C) (1) or (3) of that section, unless the superintendent of public instruction grants the student a waiver from the requirement to take the assessment and a parent is not paying tuition for the student pursuant to section 3314.26 of the Revised Code. The superintendent may grant a waiver only for good cause in accordance with rules adopted by the state board of education.

(4) Any student who has attained the age of twenty-two years, except for veterans of the armed services whose attendance was interrupted before completing the recognized twelve-year course of the public schools by reason of induction or enlistment in the armed forces and who apply for enrollment in a community school not later than four years after termination of war or their honorable discharge. If, however, any such veteran elects to enroll in special courses organized for veterans for whom tuition is paid under federal law, or otherwise, the department shall not subtract from a school district's state aid account and shall not pay to a community school under division (C) of this section any amount for that veteran.

Sec. 3314.231. The department of education shall do all of the following regarding the operations of internet- and computer-based community schools:

(A) Define the terms the department uses in its manual for determining full-time equivalency for student enrollment in an internet- or computer-based community school, with particular attention to the following, if used:

(1) "Documentation of online learning";

(2) "Idle time";

<u>(3) "Educational" and "noneducational";</u>	993
<u>(4) "Participation";</u>	994
<u>(5) "Classroom."</u>	995
<u>(B) With regard to school finance area coordinators when</u>	996
<u>advising internet- or computer-based community schools on</u>	997
<u>recording and calculating full-time equivalency for student</u>	998
<u>enrollment, both of the following:</u>	999
<u>(1) Instruct the school finance area coordinators to</u>	1000
<u>include both student participation in learning opportunities and</u>	1001
<u>the duration a student is logged on;</u>	1002
<u>(2) Create and ensure a uniform application of standards</u>	1003
<u>by school finance area coordinators as the standards relate to</u>	1004
<u>calculating student participation in learning opportunities and</u>	1005
<u>idle time.</u>	1006
<u>(C) Adopt standards specifying the amount of time a</u>	1007
<u>student's account may remain idle before it is automatically</u>	1008
<u>logged off. For purposes of division (C) of this section, the</u>	1009
<u>department shall define "idle."</u>	1010
<u>(D) Adopt rules to determine when an internet- or</u>	1011
<u>computer-based community school may disenroll a student for not</u>	1012
<u>actively participating in learning opportunities.</u>	1013
<u>(E) Provide internet- or computer-based community schools</u>	1014
<u>with an approved list of electronic textbooks or modules and</u>	1015
<u>learning management software or vendors for textbooks, modules,</u>	1016
<u>and software that comply with requirements for participation in</u>	1017
<u>learning opportunities.</u>	1018
Section 2. That existing sections 3314.024, 3314.03, and	1019
3314.08 of the Revised Code are hereby repealed.	1020

Section 3. (A) There is hereby created a committee to 1021
study and report to the General Assembly, in accordance with 1022
section 101.68 of the Revised Code, specific recommendations 1023
for: 1024

(1) A funding system for internet- and computer-based 1025
community schools that bases payments to a school on a student's 1026
demonstration of competency of subject matter, in addition to, 1027
or instead of, full-time enrollment in coursework and log-on and 1028
log-off times; 1029

(2) Whether to reduce, and if so, how much to reduce, the 1030
requirement that a student be withdrawn from a community school 1031
for not participating in 105 consecutive hours of learning 1032
opportunities under division (A)(6)(b) of section 3314.03 of the 1033
Revised Code. 1034

In considering the issue described in division (A)(1) of 1035
this section, the committee shall examine funding models of 1036
other states. 1037

(B) The committee shall consist of: 1038

(1) Two members of the House of Representatives, appointed 1039
by the Speaker of the House of Representatives; 1040

(2) One member of the House of Representatives, appointed 1041
by the Minority Leader of the House of Representatives; 1042

(3) Two members of the Senate, appointed by the President 1043
of the Senate; and 1044

(4) One member of the Senate, appointed by the Minority 1045
Leader of the Senate. 1046

(C) The committee shall submit its report not later than 1047
November 1, 2018. 1048