



Ohio Community School Governance: An Overview

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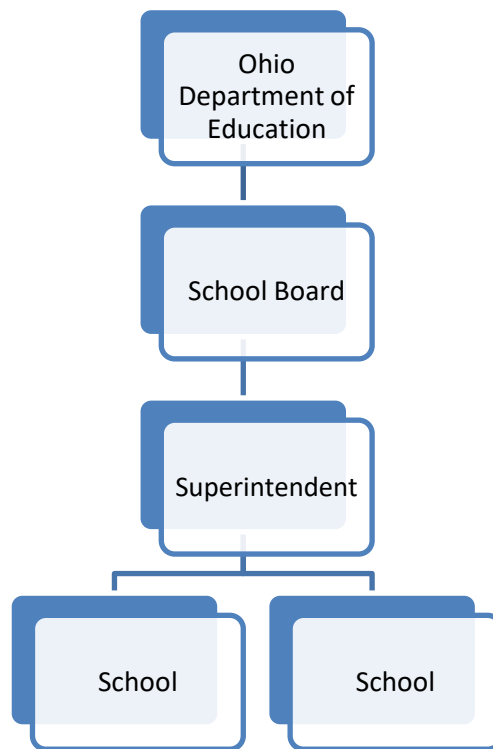
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BACKGROUND

The Ohio Revised Code defines a community school as a public school that is independent of any school district but still part of the state’s program of education.¹ Although Ohio law calls them community schools, they are also widely referred to as charter schools. Since community schools are public schools, they are tuition-free, non-religious, nonprofit, and open to any student. Like traditional public schools, community schools are required to submit to state and federal regulations regarding transparency, state testing, financial audits, and overall academic standards. These regulations, however, are balanced by community schools’ right to be more flexible in how they operate (such as how they hire, fire, and pay teachers, or the length of the school day/year). The Ohio Department of Education (ODE)’s 2017–2018 Annual Report on Ohio Community Schools estimates that Ohio has 340 community schools in total, which serve more than 104,000 students.² ODE maintains a directory of all community schools and their sponsors.³

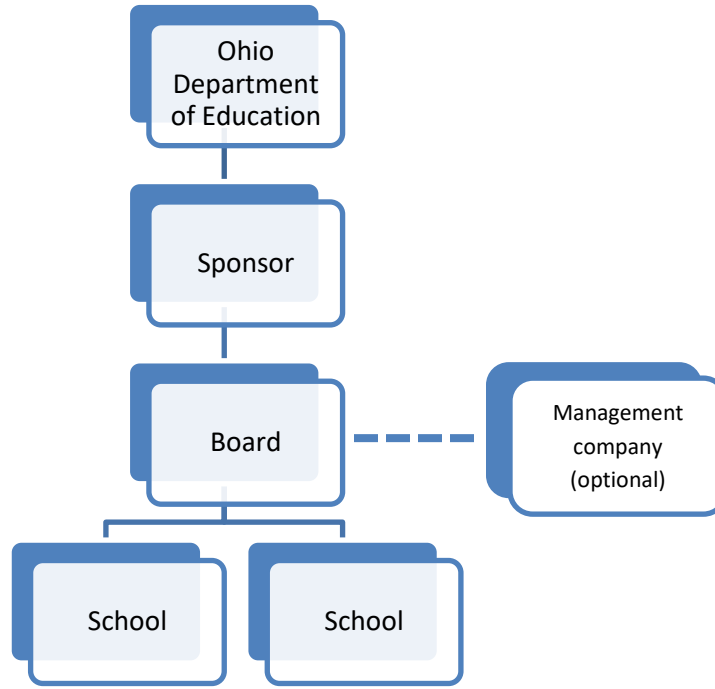
The autonomous nature of community schools means that their governance hierarchy is different from the hierarchy of traditional public schools. For example, the hierarchy of a traditional public school looks like this:



In this hierarchy, the operations, budgets, and curricular decisions that impact day-to-day operations of schools are made by boards and superintendents. Superintendents, meanwhile, are chosen by publicly elected school boards. A given school board and superintendent work together to manage the operation of all the schools in the district’s control. Since districts are determined geographically, this means that school boards and superintendents manage the schools in one geographical location—such as all

traditional public schools within the city of Columbus. School boards answer to ODE and the state board of education.

On the other hand, the hierarchy of community schools looks something like this:



This graphic demonstrates that, like traditional public schools, community schools are overseen by boards. Unlike traditional public schools, however, community school boards are not elected. They also have an additional layer of hierarchy between the board and ODE. This entity is known as a sponsor (or an authorizer). In this paper, each level of the community school hierarchy will be explored, beginning with the roles and responsibilities of ODE.

GOVERNANCE STRUCTURE

Ohio Department of Education

The Ohio Revised Code explicitly states that ODE is responsible for the oversight of any and all sponsors.⁴ When ODE approves an entity to become a sponsor, ODE and the entity sign a written agreement. Initial agreements between ODE and sponsors last for five years, and may be renewed for a term of up to ten years if the sponsor meets certain criteria. Contracts must include stipulations around when ODE is permitted to intervene or revoke sponsorship authority. Contract renewal is outlined by law and is based on annual ratings determined by the state’s sponsor evaluation system. ODE is required to publicly post all sponsorship applications, as well as the rationale for why each application was approved or denied.

If ODE determines that a sponsor is not in compliance with its contract, the state board of education is required to hold a hearing. If the hearing confirms that the sponsor is not in compliance with the

contract, ODE is permitted to revoke the sponsor’s ability to sponsor schools. If this happens, ODE may—but is not required to—take over sponsorship responsibilities for the school until the school’s contract with the now-defunct sponsor concludes. However, in place of revoking a sponsor’s authority to sponsor schools, ODE may send a written notice to the sponsor detailing the areas of noncompliance and allowing the sponsor time (fourteen days) to propose a plan that remedies any issues. ODE retains the power to approve or reject the plan.

Sponsors

A sponsor is an entity that “authorizes” a community school to open and operate as a public school.⁵ In most states, sponsors are school districts or state boards of education. School districts, the state board, educational service centers, nonprofits, state universities, and one mayor’s office are permitted to authorize community schools in Ohio.⁶

Sponsors set the academic, fiscal, and governance structures that governing boards (and therefore their schools) must abide by.⁷ In addition, they are responsible for renewing the contracts of existing schools, approving the opening of new schools, and closing poorly performing schools. In exchange for this power, ODE holds sponsors accountable through an annual review process known as the sponsor evaluation system.⁸ This system is based on three components:

1. **Academic performance:** This is determined using performance measures from the state’s school report card system.⁹ These measures include student proficiency, student growth, and graduation rates (if applicable).
2. **Adherence to quality practices:** Quality practices are established by ODE in consultation with sponsors and based on standards developed by the National Association of Charter School Authorizers and other national charter school organizations. The department may choose to evaluate sponsors that were rated “effective” or “exemplary” on their most recent evaluation once every three years instead of annually. ODE may also permit peer reviews of this component.
3. **Compliance with all applicable laws and administrative rules.**

Sponsors are assigned an overall rating of exemplary, effective, ineffective, or poor based on their performance on all three components.¹⁰ Sponsors with an ineffective rating are prohibited from sponsoring additional schools and are required to submit to an improvement plan created by ODE.¹¹ Sponsors that earn a rating of poor have their sponsorship authority completely revoked. A rating of exemplary, on the other hand, allows sponsors to take advantage of incentives such as no territorial restrictions on sponsorship and no limits on the number of community schools that can be sponsored.

Sponsors are subject to a variety of laws that govern their oversight of community schools. For example, sponsors are required to publicly disclose how sponsorship fees are spent, they are prohibited from selling goods or services to the schools they sponsor, and they are required to notify the state auditor of any audits conducted on a school’s enrollment or financial records.

A sponsor's contract with a school's governing board includes academic, fiscal, and operations-performance requirements. Schools that fail to meet these requirements can be shut down by their sponsors, which is accomplished by the sponsor terminating its contract with the school.¹² Sponsors can also terminate a contract based on problems with financial management, financial deficiencies, unsafe conditions for staff and students, or other good cause.¹³ Sponsors are prohibited from sponsoring a school whose contract was non-renewed or terminated by another sponsor due to fiscal or academic reasons. Expiration of a contract, however, does not automatically necessitate the shutdown of a school. Schools that have expiring contracts and aren't eligible for permanent closure are permitted to find new sponsors, but low-performing schools are only able to change sponsors if they find an "effective" or better sponsor, haven't requested to switch sponsors before, and are given approval by ODE.

Board of directors/governing authority

A board of directors, also known as a governing authority, governs each nonprofit community school. Boards are accountable and responsible for all aspects of school performance, including the operational, financial, and academic performance of community schools. Directors are appointed according to the bylaws of the nonprofit entity.

Boards sign contracts with sponsors specifying the requirements that community schools must adhere to. The Ohio Revised Code mandates numerous requirements that must exist in these contracts.¹⁴ Examples include (but are not limited to) academic goals, performance standards for evaluation purposes, facility use and location, financial plans, and staff policies. Copies of sponsor/board contracts must be filed with the superintendent of public instruction and made available on ODE's website for the public.

Boards are also responsible for adopting admission procedures for community schools.¹⁵ A board may decide that its schools are limited to students in certain grade levels or age groups, students who meet a definition of "at-risk," or students who are within a specific geographical location. Ohio Revised Code notes that "at-risk" students may include those who are identified as gifted students; this is why Menlo Park—Ohio's only K–8 community school for gifted students—is permitted. Boards may also establish single-gender schools for either sex. In addition, they may establish schools that simultaneously serve both non-disabled and autistic students.¹⁶ Despite these powers, boards are still required to ensure no discrimination is permitted in the admission of students. Furthermore, boards are not allowed to limit admission based on intellectual ability, achievement, aptitude, or athletic ability. Boards are required to annually report on the number, demographics, and certain designations of students enrolled in their schools.¹⁷ Community schools are funded based upon student enrollment and the needs of students.

State law contains several specific provisions related to the work of governing boards and their members. For instance, boards are required to hire an independent fiscal officer and must retain independent legal counsel when entering into a contract with a sponsor or operator. Boards are also required to adopt a budget for their school, and must clarify within contracts who owns facilities and property. State law prohibits certain people—such as district or ESC employees—from joining a governing board. Board members are required to pass criminal background checks, participate in annual trainings on public-records and open meeting laws, and complete conflict of interest forms annually.

Board members are compensated for their work, but they are limited to earning \$125 per meeting—the same amount that district board members earn.

Boards are permitted to hire management companies to run the day-to-day operations of schools instead of handling those duties themselves. However, even if a board hires a management company, it remains the entity ultimately responsible and accountable to its sponsor for the operational, financial, and academic performance of schools.¹⁸

Operators

As mentioned previously, boards have the option to hire management organizations. Ohio refers to management organizations as “operators.” If hired, operators are permitted to offer either full service or a narrow and limited amount of service; the range varies based on what the board decides. For example, operators can provide support in the supervision and coaching of school leaders, professional development for teachers, staff recruitment, transportation, fundraising, and other areas.¹⁹ There are two types of operators: nonprofit organizations (known as community school management organizations, or CMOs) and for-profit organizations (known as education management organizations, or EMOs). Operators are often networks of schools that share a common mission and leadership and operate multiple schools, sometimes in multiple states.

In Ohio, operators are subject to a variety of laws aimed at public transparency and accountability. For instance, operators are required to conduct a detailed financial accounting of their expenses if they receive more than 20 percent of a school’s annual gross revenue. They are also prohibited from leasing property to a charter school they are in contract with unless the lease is deemed commercially reasonable by an independent real estate professional. ODE publishes a directory of operators²⁰ and a report on operator performance each year.²¹ ODE also publishes all contracts between governing boards and operators.²²

ENDNOTES

¹ Ohio Revised Code §3314.01.

² “2017–2018 Annual Report on Ohio Community Schools,” Ohio Department of Education, accessed January 30, 2019, <http://education.ohio.gov/getattachment/Topics/Community-Schools/Annual-Reports-on-Ohio-Community-Schools/2017-2018-Community-Schools-Annual-Report.pdf.aspx?lang=en-US>.

³ Ohio Department of Education, Directory of Community Schools ,Sponsors, and Operators, accessed January 30, 2019, <http://education.ohio.gov/Topics/Community-Schools/Directory-of-Community-Schools-Sponsors-and-Operat>.

⁴ Ohio Revised Code § 3314.015.

⁵ Patrick O’Donnell, “Ohio’s new community school ‘reform’ effort: What’s all this talk about sponsors?,” *Cleveland Plain Dealer*, January 30, 2019, http://www.cleveland.com/metro/index.ssf/2015/02/ohios_new_community_school_school_reform_effort_whats_all_this_roundabout_talk_about_sponsors.html.

⁶ Ohio Revised Code § 3314.02.

⁷ Andy Smarick, *The Urban School System of the Future: Applying the Principles and Lessons of Community Schooling* (Lanham, MD.: R&L Education, October 2012).

⁸ Ohio Revised Code § 3314.016.

⁹ Ohio Revised Code § 3314.017

¹⁰ Overall Sponsor Ratings, Ohio Department of Education, accessed January 30, 2019, <http://education.ohio.gov/getattachment/Topics/Community-Schools/Sponsor-Ratings-and-Tools/2017-2018-Sponsor-Evaluation-Tools/2017-18-Sponsor-Eval-TechDoc.pdf.aspx?lang=en-US>.

¹¹ Community school sponsor quality improvement plan, Ohio Department of Education, accessed January 30, 2019, <http://education.ohio.gov/Topics/Community-Schools/Community-School-Sponsor-Quality-Improvement-Plan>.

¹² Ohio Revised Code § 3314.07.

¹³ Ibid.

¹⁴ Ohio Revised Code §3314.03.

¹⁵ Ohio Revised Code § 3314.06.

¹⁶ Ohio Revised Code § 3314.061.

¹⁷ Ohio Revised Code § 3314.08.

¹⁸ Andy Smarick, *The Urban School System of the Future: Applying the Principles and Lessons of Community Schooling* (Lanham, MD.: R&L Education, October 2012).

¹⁹ “What is a Charter Management Organization,” Uncommon Schools, January 30, 2019, <http://uncommonschoools.org/our-approach/how-we-work>.

²⁰ Directory of Community Schools, Sponsors, and Operators, Ohio Department of Education, accessed January 30, 2019, <http://education.ohio.gov/Topics/Community-Schools/Directory-of-Community-Schools-Sponsors-and-Operat>.

²¹ 2017-18 Community School Operator Performance Report Cards, Ohio Department of Education, accessed January 30, 2019, http://education.ohio.gov/getattachment/Topics/Community-Schools/Sections/Public-Documents-and-Reports/17-18_OperatorRatingReports.pdf.aspx?lang=en-US.

²² Community School Documents, Ohio Department of Education, accessed January 30, 2019, <http://education.ohio.gov/Topics/Community-Schools/Community-Schools-Documents>.