



House Bill 2 prohibits sale of goods and services from community school sponsors (including districts) to community schools

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A bill recently introduced in the General Assembly for the purpose of increasing transparency and accountability of community schools would significantly limit the way school districts interact with their sponsored community schools. Among other provisions, **House Bill 2 prohibits sponsors from selling goods or services to sponsored community schools.**

In our experience, this prohibition is directly at odds with the way most sponsor districts and conversion community schools operate. Such schools typically acquire teaching, fiscal, EMIS, food, technology, or other services from the district. Many are located in the district's buildings, rely on the district for custodial and building maintenance services, and use computer and other equipment provided by the district. To the extent the funds paid by the school for such goods and services exceed the incremental costs to the district, the balance is used to enhance services to the districts' own students. The model is one that benefits the schools as well as the districts, and it is one on which both have come to rely.

In prohibiting the sale of goods and services by a sponsor to a school, H.B. 2 does not distinguish between conversion and start-up community schools. But as a general matter, under continuing law, employees of conversion schools are in the bargaining units of the sponsor district, and it is the sponsor board of education that must perform the duties and responsibilities of an employer with respect to such individuals. How the H.B. 2 prohibitions mesh with these existing laws relating specifically to conversion community schools is unclear.

The problems for community schools accustomed to purchasing goods and services from their sponsor districts are compounded

by the fact that the prohibition in H.B. 2 extends to other individuals and entities associated with the sponsor, including **independent contractors** of the sponsor. This means that a district-sponsored community school not only may be unable to acquire goods and services from the district, but the school also may be unable to acquire them from the district's vendors. If the district purchases textbooks, computers, food, or special education services or equipment from a particular vendor, for example, the bill presumably will prevent the district's community school from buying goods or services from the same vendor.

Importantly, the bill contains an **exception** for contracts that pre-date the effective date of the legislation. A sponsor or vendor that has an existing contract with a community school will not be required to comply with the bill's prohibitions until the contract expires.

There are many other provisions in H.B. 2, all of which relate to community schools and some of which could impact the finances and operations of individual school districts and their community schools. One change in existing law is particularly consequential for school district sponsors of **at-risk conversion schools**. For nearly a decade, such schools have been excepted from the roll-up of performance data into the report card ratings of the sponsor district. Under H.B. 2, this exemption will expire. **As of July 1, 2016, the performance data of at-risk conversion schools will roll-up into the sponsor district's report card.**

Districts that may be adversely affected by H.B. 2 should consider communicating their concerns to legislators. They might also consider taking steps now to protect their interests in the event the bill is enacted – for example, making sure contracts are in place for goods and services they currently sell to their community schools. Districts might also consider extending the term and/or the scope of such contracts.

Districts that do not presently sponsor community schools but that are considering doing so may want to reconsider in light of the bill.

Districts that wish to weigh in on H.B. 2 or revise their current contracts with community schools should do so soon. According to news reports, H.B. 2 has been well-received by both traditional proponents and opponents of charter schools. The bill may be on a fast track to enactment.

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