

# HOUSE RESEARCH

## Bill Summary

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### Overview

The 2009 Legislature authorized a number of significant changes to the Minnesota's charter school law. This bill proposes to further refine those law changes by adding or changing a number of substantive provisions affecting how a charter school operates and expands and the requirements governing a charter school authorizer.

**1 Reporting.** Directs the education commissioner to disseminate to charter school authorizers a report on testing information that contains summary data on student performance outcomes that meet the authorizer's needs in fulfilling its oversight obligations under the charter school law.

**2 Charter schools.**

**Subd. 1. Purposes.** (b) States that the section is not intended to keep open a school that a school board closes. Allows a school board to endorse or authorize the establishing of a charter school to replace the closed school. Requires charter applicants under this circumstance to demonstrate to the authorizer that the proposed charter is substantially different from the closed school and satisfies the requirements of this subdivision regarding its purpose. Requires a school board that both closes a school and authorizes a charter to document to the education commissioner that the proposed charter is substantially different from the closed school.

**Subd. 3. Authorizer.** (a) Strikes a definition of "affidavit" that describes the substance of a form an authorizer must submit to the commissioner before a charter school may organize an affiliated nonprofit building corporation.

(b) Makes technical changes. Strikes the requirement that a charitable organization must report a year-end fund balance of at least \$2,000,000 to be eligible to serve as a charter school authorizer. Adds a requirement that a charitable organization must have been operating continuously for at least five years before it authorizes a charter school. Increases from three to ten the number of permitted single purpose authorizers.

(c) Requires the commissioner to approve or disapprove an eligible authorizer's application for approval as an authorizer within 45 instead of 60 business days. If the commissioner disapproves an authorizer's application, requires the commissioner to provide the applicant with written notice of the specific deficiencies. Gives the applicant 20 business days to

mitigate the deficiencies and the commissioner a further 15 business days to make a final decision.

(d) Strikes several requirements addressed elsewhere for what an authorizer must include in its application to the commissioner for approval as an authorizer. Adds a requirement that the authorizer applicant include a description of the authorizer's criteria and process for granting expanded applications.

(e) Makes a technical change.

(f) In a circumstance where an authorizer's governing board votes to withdraw as an approved authorizer for a reason unrelated to the grounds for terminating a charter school contract under subdivision 23 of this charter school section, requires the authorizer to notify the commissioner and all its chartered schools by July 15 of its intent to withdraw as an authorizer on June 30 in the next calendar year. Directs the commissioner to approve the transfer of a charter school to a new authorizer after a new authorizer submits an affidavit to the commissioner.

(h) Requires an authorizer that chartered a school before August 1, 2009, to reapply by September 30 instead of June 30, 2011, to the commissioner for approval to continue as an authorizer. Makes an authorizer that fails to submit a timely application ineligible to charter a school.

(i) Requires the commissioner to assist a charter school in acquiring a new authorizer in a case where the commissioner terminates a contract between an authorizer and a charter school after finding that the authorizer failed to comply with statutory requirements governing charter school authorizers.

(j) Allows the commissioner to take corrective action against an authorizer for any good cause shown, among other grounds.

**Subd. 4. Formation of school.** (a) Strikes language allowing a charter school to be organized and operated as a cooperative under chapter 308A.

(d) Strikes language allowing a charter school to be organized and operated as a cooperative under chapter 308A.

(f) Strikes a requirement that the department approve school board member training. Requires ongoing training for school board members.

(g) Requires school board elections to be held at a convenient time during the school year, which excludes days when the school is closed for holidays or vacations. Clarifies that the parent member of the school board of directors must not be a school employee. Allows the chief financial officer and chief administrator of a charter school to serve as ex officio nonvoting board members only and precludes charter school employees from serving on a charter school board unless they serve in their capacity as a licensed teacher employed at the school or as a licensed teacher providing instruction at the school under a contract between a cooperative and the charter school. Prohibits contractors providing facilities, goods, or services to a charter school from serving on a charter school board.

(j) Requires an authorizer to submit a supplemental affidavit to the commissioner before the authorizer may permit a charter school board of directors to expand to additional sites or add additional grades. Requires the supplemental affidavit to document the need for the expansion and projected enrollment, the longitudinal data on students' improved academic performance and growth that warrants the expansion, the financing available and sought for this purpose,

and the governance and management structures to implement the expansion.

(k) Gives the authorizer 20 business days to mitigate any deficiencies identified by the commissioner.

(l) Allows a charter school to merge with another charter school only after the respective boards of directors and authorizers approve the merger, consistent with state law governing nonprofit corporations and payment of aids to charter schools. Allows these charter schools to negotiate a merger plan that includes a budget, a process for transferring school responsibilities, and a statement of academic and student engagement goals. Requires the affected charter school boards and the authorizer that agrees to charter the merged school to approve the plan. Requires the authorizer of the merged school to submit a supplemental affidavit to the commissioner, which the commissioner must approve or disapprove within 30 business days. Precludes the authorizer from giving final approval for the merger until the commissioner approves the supplemental affidavit.

**Subd. 4a. Conflict of interest.** Prohibits an individual with whom a charter school contracts from serving on the charter school board of directors.

**Subd. 6. Charter school contract.** Adds to the terms of a charter school contract a requirement that the charter school operator agree to indemnify and hold harmless the commissioner and the authorizer and their officers, agents, and employees from any suit, claim, or liability arising under the contract or from operating the charter school.

**Subd. 6a.** Makes a technical change requiring a charter school to explain to the commissioner how it will mitigate a material weakness in its financial reporting systems. Requires an entity that provides financial services to a charter school to agree to make information about a charter school's financial audit available to the commissioner upon request.

**Subd. 9. Admissions requirements.** Allows a charter school to give enrollment preference to the children of the school's staff instead of the school's teachers.

**Subd. 14. Annual public reports.** Strikes a requirement that a charter school distribute its annual report to the commissioner.

**Subd. 17a. Affiliated nonprofit building corporation.** Strikes the requirement that the charter of a school operating for at least five school years must have been renewed for a five-year term before the charter school organizes an affiliated nonprofit building corporation to renovate or purchase an existing facility to serve as a school. Makes technical changes.

**Subd. 23. Causes for nonrenewal or termination of charter school contract.** (a) Requires a charter school authorizer to notify a charter school board of directors within 60 business days of its intent to not renew or terminate the charter contract.

(c) Allows a transfer of authorizers when an authorizer and a charter school board of directors mutually agree to terminate or not renew a charter contract. Requires the proposed authorizer to identify and mitigate any outstanding and unresolved issues in the previous charter contract before the commissioner determines whether to approve a transfer of authorizers.

(d) After providing reasonable notice and an opportunity for a public hearing, allows the commissioner to terminate a charter school contract if the commissioner establishes that the charter school failed to meet state pupil performance requirements, displayed financial mismanagement or failed to meet fiscal management standards, committed multiple violations of law, or committed a major violation of law such as violating the state or federal constitution.

(e) Strikes the commissioner's obligation to provide information about other eligible authorizers to a charter school when the commissioner terminates the charter contract of an authorizer that fails to fulfill statutory requirements.

**Subd. 25. Extent of specific legal authority.** Requires a charter school to assume full liability for its activities and to indemnify and hold harmless the commissioner and authorizer and their officers, agents, and employees from any suit, claim, or liability arising under the contract or from operating the charter school. Requires the charter school board to notify its authorizer of a change in insurance carrier or policy amount limits within 20 business days. Strikes the requirement that the board notify the commissioner.

**3 Payment of aids to charter schools.** (h) Requires a charter school to have a valid, signed contract on file with the department at least 15 days before the department makes the first state aid payment to the charter school in the fiscal year.

**4 Transitional authorizer.** (a) Allows a charter school authorizer that chartered a school before August 1, 2009, and is ineligible to authorize a charter school after September 30, 2011, to continue to authorize the charter school until June 30, 2012.  
 (b) Requires a charter school operating under a contract with an authorizer described in paragraph (a) to enter into another charter school contract with an approved eligible authorizer by June 30, 2012, or cease operating. States that a charter school that continues to operate with an authorizer described in paragraph (a) after June 30, 2012, commits a major violation of law.  
 Makes this section effective immediately.