

317.25 **ARTICLE 14**  
317.26 **CHARTER SCHOOLS**

127.28 **ARTICLE 9**  
127.29 **CHARTER SCHOOLS**

**S2744-2**

32.5 Section 1. Minnesota Statutes 2015 Supplement, section 124E.05, subdivision 1, is  
32.6 amended to read:

32.7 Subdivision 1. **Eligible authorizers.** The following organizations may authorize  
32.8 one or more charter schools:

32.9 (1) a school board, intermediate school district school board, or education district  
32.10 organized under sections 123A.15 to 123A.19;

32.11 (2) a charitable organization under section 501(c)(3) of the Internal Revenue Code  
32.12 of 1986, excluding a nonpublic sectarian or religious institution; any person other than a  
32.13 natural person that directly or indirectly, through one or more intermediaries, controls,  
32.14 is controlled by, or is under common control with the nonpublic sectarian or religious  
32.15 institution; and any other charitable organization under this clause that in the federal IRS  
32.16 Form 1023, Part IV, describes activities indicating a religious purpose, that:

32.17 (i) ~~is a member of the Minnesota Council of Nonprofits or the Minnesota Council on~~  
32.18 ~~Foundations;~~

32.19 ~~(ii)~~ is registered with the attorney general's office; and

32.20 ~~(iii)~~ (ii) is incorporated in the state of Minnesota and has been operating continuously  
32.21 for at least five years but does not operate a charter school;

32.22 (3) a Minnesota private college, notwithstanding clause (2), that grants two- or  
32.23 four-year degrees and is registered with the Minnesota Office of Higher Education under  
32.24 chapter 136A; community college, state university, or technical college governed by the  
32.25 Board of Trustees of the Minnesota State Colleges and Universities; or the University  
32.26 of Minnesota;

32.27 (4) a nonprofit corporation subject to chapter 317A, described in section 317A.905,  
32.28 and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code  
32.29 of 1986, may authorize one or more charter schools if the charter school has operated  
32.30 for at least three years under a different authorizer and if the nonprofit corporation has  
32.31 existed for at least 25 years; or

32.32 (5) single-purpose authorizers formed as charitable, nonsectarian organizations  
32.33 under section 501(c)(3) of the Internal Revenue Code of 1986 and incorporated in the state  
32.34 of Minnesota under chapter 317A as a corporation with no members or under section  
32.35 322B.975 as a nonprofit limited liability company for the sole purpose of chartering schools.

33.1 Sec. 2. Minnesota Statutes 2015 Supplement, section 124E.05, subdivision 4, is  
33.2 amended to read:

33.3 Subd. 4. **Application content.** (a) An applicant must include in its application to  
33.4 the commissioner to be an approved authorizer at least the following:

33.5 (1) how chartering schools is a way for the organization to carry out its mission;

33.6 ~~(2) a description of the capacity of the organization to serve as an authorizer,  
33.7 including the personnel who will perform the authorizing duties, their qualifications, the  
33.8 amount of time they will be assigned to this responsibility, and the financial resources  
33.9 allocated by the organization to this responsibility;~~

33.10 (2) a description of the capacity of the organization to serve as an authorizer,  
33.11 including the positions allocated to authorizing duties, the qualifications for those  
33.12 positions, the full-time equivalencies of those positions, and the financial resources  
33.13 available to fund the positions;

33.14 (3) a description of the application and review process the authorizer will use to  
33.15 make decisions regarding the granting of charters;

33.16 (4) a description of the type of contract it will arrange with the schools it charters  
33.17 that meets the provisions of section 124E.10;

33.18 (5) the process to be used for providing ongoing oversight of the school consistent  
33.19 with the contract expectations specified in clause (4) that assures that the schools chartered  
33.20 are complying with both the provisions of applicable law and rules, and with the contract;

33.21 (6) a description of the criteria and process the authorizer will use to grant expanded  
33.22 applications under section 124E.06, subdivision 5;

33.23 (7) the process for making decisions regarding the renewal or termination of  
33.24 the school's charter based on evidence that demonstrates the academic, organizational,  
33.25 and financial competency of the school, including its success in increasing student  
33.26 achievement and meeting the goals of the charter school agreement; and

33.27 (8) an assurance specifying that the organization is committed to serving as an  
33.28 authorizer for the full five-year term.

33.29 (b) Notwithstanding paragraph (a), an authorizer that is a school district may satisfy  
33.30 the requirements of paragraph (a), clauses (1) and (2), and any requirement governing a  
33.31 conflict of interest between an authorizer and its charter schools or ongoing evaluation or  
33.32 continuing education of an administrator or other professional support staff by submitting  
33.33 to the commissioner a written promise to comply with the requirements.

127.30 Section 1. Minnesota Statutes 2015 Supplement, section 124E.05, subdivision 4, is  
127.31 amended to read:

128.1 Subd. 4. **Application content.** (a) An applicant must include in its application to  
128.2 the commissioner to be an approved authorizer at least the following:

128.3 (1) how chartering schools is a way for the organization to carry out its mission;

128.4 ~~(2) a description of the capacity of the organization to serve as an authorizer,  
128.5 including the personnel who will perform the authorizing duties, their qualifications, the  
128.6 amount of time they will be assigned to this responsibility, and the financial resources  
128.7 allocated by the organization to this responsibility;~~

128.8 (2) a description of the capacity of the organization to serve as an authorizer,  
128.9 including the positions allocated to authorizing duties, the qualifications for those  
128.10 positions, the full-time equivalencies of those positions, and the financial resources  
128.11 available to fund the positions. The commissioner may use information about specific  
128.12 individuals expected to perform the authorizing duties in deciding whether to approve  
128.13 or disapprove an organization's application to be approved as an authorizer. The  
128.14 commissioner may not use information about specific individuals performing the  
128.15 authorizing duties in reviewing an approved authorizer's performance;

128.16 (3) a description of the application and review process the authorizer will use to  
128.17 make decisions regarding the granting of charters;

128.18 (4) a description of the type of contract it will arrange with the schools it charters  
128.19 that meets the provisions of section 124E.10;

128.20 (5) the process to be used for providing ongoing oversight of the school consistent  
128.21 with the contract expectations specified in clause (4) that assures that the schools chartered  
128.22 are complying with both the provisions of applicable law and rules, and with the contract;

128.23 (6) a description of the criteria and process the authorizer will use to grant expanded  
128.24 applications under section 124E.06, subdivision 5;

128.25 (7) the process for making decisions regarding the renewal or termination of  
128.26 the school's charter based on evidence that demonstrates the academic, organizational,  
128.27 and financial competency of the school, including its success in increasing student  
128.28 achievement and meeting the goals of the charter school agreement; and

128.29 (8) an assurance specifying that the organization is committed to serving as an  
128.30 authorizer for the full five-year term.

128.31 (b) Notwithstanding paragraph (a), an authorizer that is a school district may satisfy  
128.32 the requirements of paragraph (a), clauses (1) and (2), and any requirement governing a  
128.33 conflict of interest between an authorizer and its charter schools or ongoing evaluation and  
128.34 continuing education of an administrator or other professional support staff by submitting  
128.35 to the commissioner a written promise to comply with the requirements.

33.34 **EFFECTIVE DATE.** This section is effective January 1, 2017.

34.1 Sec. 3. Minnesota Statutes 2015 Supplement, section 124E.05, subdivision 5, is  
34.2 amended to read:

34.3 Subd. 5. **Review by commissioner.** (a) The commissioner shall review an  
34.4 authorizer's performance every five years in a manner and form determined by the  
34.5 commissioner, subject to paragraphs (b) and (c), and may review an authorizer's  
34.6 performance more frequently at the commissioner's own initiative or at the request of a  
34.7 charter school operator, charter school board member, or other interested party. The  
34.8 commissioner, after completing the review, shall transmit a report with findings to the  
34.9 authorizer.

34.10 (b) Consistent with this section, the commissioner must:

34.11 (1) use criteria appropriate to the authorizer and the schools it charters to review  
34.12 the authorizer's performance; and

34.13 (2) consult with authorizers, charter school operators, and other charter school  
34.14 stakeholders in developing and evaluating the review process, criteria, and scoring system  
34.15 under this paragraph.

34.16 (c) The commissioner's form must use existing department data on the authorizer  
34.17 to minimize duplicate reporting to the extent practicable.

34.18 **EFFECTIVE DATE.** This section is effective January 1, 2017.

34.19 Sec. 4. Minnesota Statutes 2015 Supplement, section 124E.05, subdivision 7, is  
34.20 amended to read:

128.36 **EFFECTIVE DATE.** This section is effective the day following final enactment.

129.1 Sec. 2. Minnesota Statutes 2015 Supplement, section 124E.05, subdivision 5, is  
129.2 amended to read:

129.3 Subd. 5. **Review by commissioner.** (a) The commissioner shall review an  
129.4 authorizer's performance every five years in a manner and form determined by the  
129.5 commissioner, subject to paragraphs (b) and (c), and may review an authorizer's  
129.6 performance more frequently at the commissioner's own initiative or at the request of a  
129.7 charter school operator, charter school board member, or other interested party. The  
129.8 commissioner, after completing the review, shall transmit a report with findings to the  
129.9 authorizer.

129.10 (b) Consistent with this subdivision, the commissioner must:

129.11 (1) use criteria appropriate to the authorizer and the schools it charters to review  
129.12 the authorizer's performance; and

129.13 (2) consult with authorizers, charter school operators, and other charter school  
129.14 stakeholders in developing review criteria under this paragraph.

129.15 (c) The commissioner's form must use existing department data on the authorizer to  
129.16 minimize duplicate reporting to the extent practicable. When reviewing an authorizer's  
129.17 performance under this subdivision, the commissioner must not:

129.18 (1) fail to credit;

129.19 (2) withhold points; or

129.20 (3) otherwise penalize an authorizer for failing to charter additional schools or for  
129.21 the absence of complaints against the authorizer's current portfolio of charter schools.

129.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

129.23 Sec. 3. Minnesota Statutes 2015 Supplement, section 124E.05, subdivision 7, is  
129.24 amended to read:

34.21 Subd. 7. **Withdrawal.** If the governing board of an approved authorizer votes to  
 34.22 withdraw as an approved authorizer for a reason unrelated to any cause under section  
 34.23 124E.10, subdivision 4, the authorizer must notify all its chartered schools and the  
 34.24 commissioner in writing by ~~July 15~~ March 1 of its intent to withdraw as an authorizer on  
 34.25 June 30 in the next calendar year, regardless of when the authorizer's five-year term of  
 34.26 approval ends. The commissioner may approve the transfer of a charter school to a new  
 34.27 authorizer under ~~this subdivision after the new authorizer submits an affidavit to the~~  
 34.28 ~~commissioner~~ section 124E.10, subdivision 5.

34.29 Sec. 5. Minnesota Statutes 2015 Supplement, section 124E.10, subdivision 1, is  
 34.30 amended to read:

34.31 Subdivision 1. **Contents.** (a) The authorization for a charter school must be in the  
 34.32 form of a written contract signed by the authorizer and the board of directors of the charter  
 34.33 school. The contract must be completed within 45 business days of the commissioner's  
 34.34 approval of the authorizer's affidavit. The authorizer shall submit to the commissioner a  
 35.1 copy of the signed charter contract within ten business days of its execution. The contract  
 35.2 for a charter school must be in writing and contain at least the following:

35.3 (1) a declaration that the charter school will carry out the primary purpose in section  
 35.4 124E.01, subdivision 1, and how the school will report its implementation of the primary  
 35.5 purpose;

35.6 (2) a declaration of the additional purpose or purposes in section 124E.01,  
 35.7 subdivision 1, that the school intends to carry out and how the school will report its  
 35.8 implementation of those purposes;

35.9 (3) a description of the school program and the specific academic and nonacademic  
 35.10 outcomes that pupils must achieve;

35.11 (4) a statement of admission policies and procedures;

35.12 (5) a governance, management, and administration plan for the school;

35.13 (6) signed agreements from charter school board members to comply with all  
 35.14 federal and state laws governing organizational, programmatic, and financial requirements  
 35.15 applicable to charter schools;

35.16 (7) the criteria, processes, and procedures that the authorizer will use to monitor and  
 35.17 evaluate the fiscal, operational, and academic performance consistent with subdivision  
 35.18 3, paragraphs (a) and (b);

35.19 (8) for contract renewal, the formal written performance evaluation of the school  
 35.20 that is a prerequisite for reviewing a charter contract under subdivision 3;

35.21 (9) types and amounts of insurance liability coverage to be obtained by the charter  
 35.22 school, consistent with section 124E.03, subdivision 2, paragraph (d);

129.25 Subd. 7. **Withdrawal.** If the governing board of an approved authorizer votes to  
 129.26 withdraw as an approved authorizer for a reason unrelated to any cause under section  
 129.27 124E.10, subdivision 4, the authorizer must notify all its chartered schools and the  
 129.28 commissioner in writing by July 15 of its intent to withdraw as an authorizer on June 30  
 129.29 in the next calendar year, regardless of when the authorizer's five-year term of approval  
 129.30 ends. The commissioner may approve the transfer of a charter school to a new authorizer  
 129.31 under ~~this subdivision after the new authorizer submits an affidavit to the commissioner~~  
 129.32 section 124E.10, subdivision 5.

129.33 Sec. 4. Minnesota Statutes 2015 Supplement, section 124E.10, subdivision 1, is  
 129.34 amended to read:

130.1 Subdivision 1. **Contents.** (a) The authorization for a charter school must be in the  
 130.2 form of a written contract signed by the authorizer and the board of directors of the charter  
 130.3 school. The contract must be completed within 45 business days of the commissioner's  
 130.4 approval of the authorizer's affidavit. The authorizer shall submit to the commissioner a  
 130.5 copy of the signed charter contract within ten business days of its execution. The contract  
 130.6 for a charter school must be in writing and contain at least the following:

130.7 (1) a declaration that the charter school will carry out the primary purpose in section  
 130.8 124E.01, subdivision 1, and how the school will report its implementation of the primary  
 130.9 purpose;

130.10 (2) a declaration of the additional purpose or purposes in section 124E.01,  
 130.11 subdivision 1, that the school intends to carry out and how the school will report its  
 130.12 implementation of those purposes;

130.13 (3) a description of the school program and the specific academic and nonacademic  
 130.14 outcomes that pupils must achieve;

130.15 (4) a statement of admission policies and procedures;

130.16 (5) a governance, management, and administration plan for the school;

130.17 (6) signed agreements from charter school board members to comply with all  
 130.18 federal and state laws governing organizational, programmatic, and financial requirements  
 130.19 applicable to charter schools;

130.20 (7) the criteria, processes, and procedures that the authorizer will use to monitor and  
 130.21 evaluate the fiscal, operational, and academic performance consistent with subdivision  
 130.22 3, paragraphs (a) and (b);

130.23 (8) for contract renewal, the formal written performance evaluation of the school  
 130.24 that is a prerequisite for reviewing a charter contract under subdivision 3;

130.25 (9) types and amounts of insurance liability coverage to be obtained by the charter  
 130.26 school, consistent with section 124E.03, subdivision 2, paragraph (d);

35.23 (10) consistent with section 124E.09, paragraph (d), a provision to indemnify and  
 35.24 hold harmless the authorizer and its officers, agents, and employees from any suit, claim,  
 35.25 or liability arising from any operation of the charter school, and the commissioner and  
 35.26 department officers, agents, and employees notwithstanding section 3.736;

35.27 (11) the term of the initial contract, which may be up to five years plus ~~an additional~~  
 35.28 a preoperational planning year period, and up to five years for a renewed contract or a  
 35.29 contract with a new authorizer after a transfer of authorizers, if warranted by the school's  
 35.30 academic, financial, and operational performance;

35.31 (12) how the board of directors or the operators of the charter school will provide  
 35.32 special instruction and services for children with a disability under sections 125A.03  
 35.33 to 125A.24, and 125A.65, a description of the financial parameters within which the  
 35.34 charter school will operate to provide the special instruction and services to children  
 35.35 with a disability;

36.1 (13) the specific conditions for contract renewal that identify performance of all  
 36.2 students under the primary purpose of section 124E.01, subdivision 1, as the most  
 36.3 important factor in determining contract renewal;

36.4 (14) the additional purposes under section 124E.01, subdivision 1, and related  
 36.5 performance obligations under clause (7) contained in the charter contract as additional  
 36.6 factors in determining contract renewal; and

36.7 (15) the plan for an orderly closing of the school under chapter 317A, whether  
 36.8 the closure is a termination for cause, a voluntary termination, or a nonrenewal of the  
 36.9 contract, that includes establishing the responsibilities of the school board of directors  
 36.10 and the authorizer and notifying the commissioner, authorizer, school district in which the  
 36.11 charter school is located, and parents of enrolled students about the closure, information  
 36.12 and assistance sufficient to enable the student to re-enroll in another school, the transfer  
 36.13 of student records under section 124E.03, subdivision 5, paragraph (b), and procedures  
 36.14 for closing financial operations.

36.15 (b) A charter school must design its programs to at least meet the outcomes adopted  
 36.16 by the commissioner for public school students, including world's best workforce goals  
 36.17 under section 120B.11, subdivision 1. In the absence of the commissioner's requirements,  
 36.18 the school must meet the outcomes contained in the contract with the authorizer. The  
 36.19 achievement levels of the outcomes contained in the contract may exceed the achievement  
 36.20 levels of any outcomes adopted by the commissioner for public school students.

36.21 Sec. 6. Minnesota Statutes 2015 Supplement, section 124E.10, subdivision 5, is  
 36.22 amended to read:

130.27 (10) consistent with section 124E.09, paragraph (d), a provision to indemnify and  
 130.28 hold harmless the authorizer and its officers, agents, and employees from any suit, claim,  
 130.29 or liability arising from any operation of the charter school, and the commissioner and  
 130.30 department officers, agents, and employees notwithstanding section 3.736;

130.31 (11) the term of the initial contract, which may be up to five years plus ~~an additional~~  
 130.32 a preoperational planning year period, and up to five years for a renewed contract or a  
 130.33 contract with a new authorizer after a transfer of authorizers, if warranted by the school's  
 130.34 academic, financial, and operational performance;

130.35 (12) how the board of directors or the operators of the charter school will provide  
 130.36 special instruction and services for children with a disability under sections 125A.03  
 131.1 to 125A.24, and 125A.65, a description of the financial parameters within which the  
 131.2 charter school will operate to provide the special instruction and services to children  
 131.3 with a disability;

131.4 (13) the specific conditions for contract renewal that identify performance of all  
 131.5 students under the primary purpose of section 124E.01, subdivision 1, as the most  
 131.6 important factor in determining contract renewal;

131.7 (14) the additional purposes under section 124E.01, subdivision 1, and related  
 131.8 performance obligations under clause (7) contained in the charter contract as additional  
 131.9 factors in determining contract renewal; and

131.10 (15) the plan for an orderly closing of the school under chapter 317A, whether  
 131.11 the closure is a termination for cause, a voluntary termination, or a nonrenewal of the  
 131.12 contract, that includes establishing the responsibilities of the school board of directors  
 131.13 and the authorizer and notifying the commissioner, authorizer, school district in which the  
 131.14 charter school is located, and parents of enrolled students about the closure, information  
 131.15 and assistance sufficient to enable the student to re-enroll in another school, the transfer  
 131.16 of student records under section 124E.03, subdivision 5, paragraph (b), and procedures  
 131.17 for closing financial operations.

131.18 (b) A charter school must design its programs to at least meet the outcomes adopted  
 131.19 by the commissioner for public school students, including world's best workforce goals  
 131.20 under section 120B.11, subdivision 1. In the absence of the commissioner's requirements,  
 131.21 the school must meet the outcomes contained in the contract with the authorizer. The  
 131.22 achievement levels of the outcomes contained in the contract may exceed the achievement  
 131.23 levels of any outcomes adopted by the commissioner for public school students.

131.24 Sec. 5. Minnesota Statutes 2015 Supplement, section 124E.10, subdivision 5, is  
 131.25 amended to read:

36.23 Subd. 5. **Mutual nonrenewal.** If the authorizer and the charter school board of  
 36.24 directors mutually agree not to renew the contract, or if the governing board of an approved  
 36.25 authorizer votes to withdraw as an approved authorizer for a reason unrelated to any cause  
 36.26 under subdivision 4, a change in authorizers is allowed. The authorizer and the school  
 36.27 board must jointly submit a written and signed letter of their intent to the commissioner to  
 36.28 mutually not renew the contract. The authorizer that is a party to the existing contract must  
 36.29 inform the proposed authorizer about the fiscal, operational, and student performance status  
 36.30 of the school, as well as any including unmet contract outcomes and other outstanding  
 36.31 contractual obligations that exist. The charter contract between the proposed authorizer  
 36.32 and the school must identify and provide a plan to address any outstanding obligations from  
 36.33 the previous contract. The proposed contract must be submitted at least 105 business days  
 36.34 before the end of the existing charter contract. The commissioner shall have 30 business  
 36.35 days to review and make a determination. The proposed authorizer and the school shall  
 37.1 have 15 business days to respond to the determination and address any issues identified by  
 37.2 the commissioner. A final determination by the commissioner shall be made no later than  
 37.3 45 business days before the end of the current charter contract. If no change in authorizer  
 37.4 is approved, the school and the current authorizer may withdraw their letter of nonrenewal  
 37.5 and enter into a new contract. If the transfer of authorizers is not approved and the current  
 37.6 authorizer and the school do not withdraw their letter and enter into a new contract, the  
 37.7 school must be dissolved according to applicable law and the terms of the contract.

131.26 Subd. 5. **Mutual nonrenewal.** If the authorizer and the charter school board of  
 131.27 directors mutually agree not to renew the contract, or if the governing board of an approved  
 131.28 authorizer votes to withdraw as an approved authorizer for a reason unrelated to any cause  
 131.29 under subdivision 4, a change in authorizers is allowed. The authorizer and the school  
 131.30 board must jointly submit a written and signed letter of their intent to the commissioner to  
 131.31 mutually not renew the contract. The authorizer that is a party to the existing contract must  
 131.32 inform the proposed authorizer about the fiscal, operational, and student performance status  
 131.33 of the school, as well as any including unmet contract outcomes and other outstanding  
 131.34 contractual obligations that exist. The charter contract between the proposed authorizer  
 131.35 and the school must identify and provide a plan to address any outstanding obligations from  
 132.1 the previous contract. The proposed contract must be submitted at least 105 business days  
 132.2 before the end of the existing charter contract. The commissioner shall have 30 business  
 132.3 days to review and make a determination. The proposed authorizer and the school shall  
 132.4 have 15 business days to respond to the determination and address any issues identified by  
 132.5 the commissioner. A final determination by the commissioner shall be made no later than  
 132.6 45 business days before the end of the current charter contract. If no change in authorizer  
 132.7 is approved, the school and the current authorizer may withdraw their letter of nonrenewal  
 132.8 and enter into a new contract. If the transfer of authorizers is not approved and the current  
 132.9 authorizer and the school do not withdraw their letter and enter into a new contract, the  
 132.10 school must be dissolved according to applicable law and the terms of the contract.

## UEH2749-1

317.27 Section 1. Minnesota Statutes 2015 Supplement, section 124E.10, is amended by  
 317.28 adding a subdivision to read:

317.29 Subd. 7. **School closures.** (a) Upon the final decision to close a charter school,  
 317.30 whether by voluntary action of the charter school's board of directors, nonrenewal  
 317.31 or termination of the charter contract by the authorizer, or termination of the charter  
 317.32 contract by the commissioner, the board of directors shall appoint a school closure trustee,  
 317.33 approved by the authorizer, within 15 business days of the final decision. The board of  
 318.1 directors or the authorizer may require the trustee to post a bond, in a sum and nature  
 318.2 reflective of the school's current condition and situation.

318.3 (b) The trustee must be a resident of Minnesota, possess a bachelor's or postgraduate  
 318.4 degree in accounting, law, nonprofit management, educational administration, or other  
 318.5 appropriate field, and have at least five years of work experience in their degree area. The  
 318.6 trustee must submit to a state and federal criminal background check, must not have  
 318.7 been convicted of a felony or other crime involving moral turpitude, and must not have  
 318.8 been found liable in a civil court for fraud, breach of fiduciary duty, civil theft, or similar  
 318.9 misconduct. The trustee must not be under investigation or pending criminal prosecution  
 318.10 for a felony or other crime. The trustee must not have a history of wage garnishment by  
 318.11 the Internal Revenue Service or the state and must not have filed for bankruptcy.

318.12 (c) The trustee must not have been an employee or contractor of the charter school  
318.13 during the previous five years and must not have an immediate family member who is  
318.14 an employee or contractor of the charter school or who serves on the charter school's  
318.15 board of directors. The trustee must be independent and have no material interest adverse  
318.16 to the school.

318.17 (d) The trustee shall have the responsibility to activate and execute the closure plan  
318.18 for the charter school outlined in the school's charter contract, including the transfer  
318.19 of student records required by subdivision 6, and the reporting of financial and student  
318.20 data to the department necessary for the release of final aid payments under section  
318.21 124E.25, subdivision 1, paragraph (b). Upon the appointment of the trustee, the trustee  
318.22 must approve all school expenditures before payment and shall be a required signatory  
318.23 on all school accounts and payments made by the school. The trustee has the authority  
318.24 to void and seek reimbursement of any and all extraordinary payments of the school  
318.25 to individuals, contractors, or corporations made within 90 business days of the final  
318.26 decision to close. If during the closure process it is determined by the charter school's  
318.27 board of directors or the authorizer that the trustee is not performing the closure duties in  
318.28 an efficient and effective manner, the authorizer may appoint a new trustee.

318.29 (e) The trustee shall be entitled to immunity provided by common law for acts or  
318.30 omissions within the scope of the trustee's appointment. The trustee is not exempt from an  
318.31 illegal or criminal act, nor any act that is a result of malfeasance or misfeasance.

318.32 (f) A charter school closure fund shall be established and managed by the Department  
318.33 of Education. The Department of Education may charge the fund a management fee  
318.34 commensurate with the annual activity in the fund. The Department of Education must  
318.35 issue an annual report on the income and expenditures of the fund by September 30 to all  
318.36 charter schools. The fund shall be financed by a per capita pupil fee paid by all charter  
319.1 schools. Until the fund reaches a cap of \$200,000, the per capita pupil fee shall be \$1 per  
319.2 pupil annually. Upon the fund reaching the \$200,000 cap, the annual per capita pupil fee  
319.3 shall equal the per pupil amount needed to maintain the fund at \$200,000. The Department  
319.4 of Education shall have the power to deduct the annual fee from a charter school aid  
319.5 payment in the month of February based on the number of pupils enrolled in charter  
319.6 schools on October 1 of the previous year, and transfer the funding to the charter school  
319.7 closure fund. When an authorizer ceases to authorize schools, the authorizer shall transfer  
319.8 any remaining balance from authorizer fees to the fund.

319.9 (g) Funds from the charter school closure fund may only be authorized and used for  
 319.10 the following expenses: the cost of the external audits necessary for the school closure  
 319.11 process; the cost of liability insurance for the school corporation during the closure  
 319.12 process; legal costs for the dissolution of the school corporation; and the trustee's fee,  
 319.13 negotiated upon appointment. The charter school closure fund shall not be used for any  
 319.14 other expenses related to the closed school and may only be requested after all other  
 319.15 school funds and assets of the closed school have been expended. No more than \$70,000  
 319.16 may be expended from the fund for an individual school closure process. The trustee may  
 319.17 request funding to cover the authorized expenditures, except for the trustee's fee, which  
 319.18 must be requested by the charter school's board of directors or the authorizer if the board  
 319.19 of directors is nonoperative.

319.20 (h) If a charter school board of directors files for bankruptcy upon the final decision  
 319.21 to close the school, the bankruptcy trustee appointed by the bankruptcy court shall have  
 319.22 the authority to activate and execute the closure plan in the charter school contract.

## S2744-2

37.8 Sec. 7. Minnesota Statutes 2015 Supplement, section 124E.16, subdivision 2, is  
 37.9 amended to read:

37.10 Subd. 2. **Annual public reports.** (a) A charter school must publish an annual report  
 37.11 approved by the board of directors. The annual report must at least include information  
 37.12 on school enrollment, student attrition, governance and management, staffing, finances,  
 37.13 academic performance, innovative practices and implementation, and future plans. A  
 37.14 charter school may combine this report with the reporting required under section 120B.11.  
 37.15 A charter school must post the annual report on the school's official Web site. A charter  
 37.16 school must also distribute the annual report by publication, mail, or electronic means to  
 37.17 its authorizer, school employees, and parents and legal guardians of students enrolled in  
 37.18 the charter school. The reports are public data under chapter 13.

37.19 (b) ~~The commissioner shall establish specifications for~~ An authorizer must submit an  
 37.20 authorizer's annual public report ~~that in a manner specified by the commissioner by January~~  
 37.21 15 for the previous school year ending June 30 that shall at least include key indicators of  
 37.22 school academic, operational, and financial performance. The report is part of the system  
 37.23 to evaluate authorizer performance under section 124E.05, subdivision 5. The report shall  
 37.24 at least include key indicators of school academic, operational, and financial performance.

## UEH2749-1

319.23 Sec. 2. Minnesota Statutes 2014, section 127A.45, subdivision 6a, is amended to read:

132.11 Sec. 6. Minnesota Statutes 2015 Supplement, section 124E.16, subdivision 2, is  
 132.12 amended to read:

132.13 Subd. 2. **Annual public reports.** (a) A charter school must publish an annual report  
 132.14 approved by the board of directors. The annual report must at least include information  
 132.15 on school enrollment, student attrition, governance and management, staffing, finances,  
 132.16 academic performance, innovative practices and implementation, and future plans. A  
 132.17 charter school may combine this report with the reporting required under section 120B.11.  
 132.18 A charter school must post the annual report on the school's official Web site. A charter  
 132.19 school must also distribute the annual report by publication, mail, or electronic means to  
 132.20 its authorizer, school employees, and parents and legal guardians of students enrolled in  
 132.21 the charter school. The reports are public data under chapter 13.

132.22 (b) ~~The commissioner shall establish specifications for~~ An authorizer must submit an  
 132.23 ~~authorizer's annual public report that in a manner specified by the commissioner by January~~  
 132.24 15 for the previous school year ending June 30 that shall at least include key indicators of  
 132.25 school academic, operational, and financial performance. The report is part of the system  
 132.26 to evaluate authorizer performance under section 124E.05, subdivision 5. The report shall  
 132.27 at least include key indicators of school academic, operational, and financial performance.

132.28 Sec. 7. Minnesota Statutes 2014, section 127A.45, subdivision 6a, is amended to read:

319.24 Subd. 6a. **Cash flow adjustment.** The board of directors of any ~~charter school~~  
 319.25 ~~servicing fewer than 200 students where the percent of students eligible for special~~  
 319.26 ~~education services equals at least 90 percent of the charter school's total enrollment~~  
 319.27 ~~eligible special education charter school under section 124E.21, subdivision 2, may~~  
 319.28 request that the commissioner of education accelerate the school's cash flow under this  
 319.29 section. The commissioner must approve a properly submitted request within 30 days of  
 319.30 its receipt. The commissioner must accelerate the school's regular special education aid  
 319.31 payments according to the schedule in the school's request and modify the payments to the  
 319.32 school under subdivision 3 accordingly. A school must not receive current payments of  
 319.33 regular special education aid exceeding 90 percent of its estimated aid entitlement for the  
 319.34 fiscal year. The commissioner must delay the special education aid payments to all other  
 319.35 school districts and charter schools in proportion to each district or charter school's total  
 320.1 share of regular special education aid such that the overall aid payment savings from the  
 320.2 aid payment shift remains unchanged for any fiscal year.

320.3 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and  
 320.4 later.

320.5 Sec. 3. Laws 2015, First Special Session chapter 3, article 4, section 4, the effective  
 320.6 date, is amended to read:

320.7 **EFFECTIVE DATE.** This section is effective the day following final enactment  
 320.8 except the provision under paragraph (g) allowing prekindergarten deaf or hard-of-hearing  
 320.9 pupils to enroll in a charter school is effective ~~only if the commissioner of education~~  
 320.10 ~~determines there is no added cost attributable to the pupil~~ for the 2016-2017 school year  
 320.11 and later.

320.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

320.13 Sec. 4. Laws 2015, First Special Session chapter 3, article 4, section 9, subdivision 2,  
 320.14 is amended to read:

320.15 Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota  
 320.16 Statutes, section ~~124D.11, subdivision 4~~ 124E.22:

132.29 Subd. 6a. **Cash flow adjustment.** The board of directors of any ~~charter school~~  
 132.30 ~~servicing fewer than 200 students where the percent of students eligible for special~~  
 132.31 ~~education services equals at least 90 percent of the charter school's total enrollment~~  
 132.32 ~~eligible special education charter school under section 124E.21, subdivision 2, may~~  
 132.33 request that the commissioner of education accelerate the school's cash flow under this  
 132.34 section. The commissioner must approve a properly submitted request within 30 days of  
 133.1 its receipt. The commissioner must accelerate the school's regular special education aid  
 133.2 payments according to the schedule in the school's request and modify the payments to the  
 133.3 school under subdivision 3 accordingly. A school must not receive current payments of  
 133.4 regular special education aid exceeding 90 percent of its estimated aid entitlement for the  
 133.5 fiscal year. The commissioner must delay the special education aid payments to all other  
 133.6 school districts and charter schools in proportion to each district or charter school's total  
 133.7 share of regular special education aid such that the overall aid payment savings from the  
 133.8 aid payment shift remains unchanged for any fiscal year.

133.9 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and  
 133.10 later.

133.11 Sec. 8. Laws 2015, First Special Session chapter 3, article 4, section 4, the effective  
 133.12 date, is amended to read:

133.13 **EFFECTIVE DATE.** This section is effective the day following final enactment  
 133.14 except the provision under paragraph (g) allowing prekindergarten deaf or hard-of-hearing  
 133.15 pupils to enroll in a charter school is effective ~~only if the commissioner of education~~  
 133.16 ~~determines there is no added cost attributable to the pupil~~ for the 2016-2017 school year  
 133.17 and later.

133.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

182.8 Sec. 11. Laws 2015, First Special Session chapter 3, article 4, section 9, subdivision 2,  
 182.9 is amended to read:

182.10 Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota  
 182.11 Statutes, section ~~124D.11, subdivision 4~~ 124E.22:

Senate Language UEH2749-1

House Language H2749-2

320.17            ~~66,787,000~~  
 320.18     \$     63,540,000     .....    2016

320.19            ~~73,603,000~~  
 320.20     \$     70,132,000     .....    2017

320.21 The 2016 appropriation includes \$6,032,000 for 2015 and ~~\$60,755,000~~ \$57,508,000  
 320.22 for 2016.

320.23 The 2017 appropriation includes ~~\$6,750,000~~ \$6,389,000 for 2016 and ~~\$66,853,000~~  
 320.24 \$63,743,000 for 2017.

182.12            ~~66,787,000~~  
 182.13     \$     63,540,000     .....    2016

182.14            ~~73,603,000~~  
 182.15     \$     69,962,000     .....    2017

182.16 The 2016 appropriation includes \$6,032,000 for 2015 and ~~\$60,755,000~~ \$57,508,000  
 182.17 for 2016.

182.18 The 2017 appropriation includes ~~\$6,750,000~~ \$6,389,000 for 2016 and ~~\$66,853,000~~  
 182.19 \$63,573,000 for 2017.