

1.1 moves to amend H.F. No. 1591, the delete everything amendment
1.2 (H1591DE1), as follows:

1.3 Page 87, delete section 2 and insert:

1.4 "Sec. 2. Minnesota Statutes 2014, section 124D.10, subdivision 3, is amended to read:

1.5 Subd. 3. **Authorizer.** (a) For purposes of this section, the terms defined in this
1.6 subdivision have the meanings given them.

1.7 "Application" to receive approval as an authorizer means the proposal an eligible
1.8 authorizer submits to the commissioner under paragraph ~~(e)~~ (d) before that authorizer is
1.9 able to submit any affidavit to charter to a school.

1.10 "Application" under subdivision 4 means the charter school business plan a
1.11 school developer submits to an authorizer for approval to establish a charter school that
1.12 documents the school developer's mission statement, school purposes, program design,
1.13 financial plan, governance and management structure, and background and experience,
1.14 plus any other information the authorizer requests. The application also shall include a
1.15 "statement of assurances" of legal compliance prescribed by the commissioner.

1.16 "Affidavit" means a written statement the authorizer submits to the commissioner
1.17 for approval to establish a charter school under subdivision 4 attesting to its review and
1.18 approval process before chartering a school.

1.19 (b) The following organizations may authorize one or more charter schools:

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

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

2.1 (i) is a member of the Minnesota Council of Nonprofits or the Minnesota Council on
2.2 Foundations;

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

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

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

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

2.16 (5) single-purpose authorizers formed as charitable, nonsectarian organizations
2.17 under section 501(c)(3) of the Internal Revenue Code of 1986 and incorporated in the state
2.18 of Minnesota under chapter 317A as a corporation with no members or under section
2.19 322B.975 as a nonprofit limited liability company for the sole purpose of chartering schools.

2.20 (c) Eligible organizations interested in being approved as an authorizer under this
2.21 paragraph must submit a proposal to the commissioner that includes the provisions
2.22 of paragraph ~~(e)~~ (d) and a five-year financial plan. Such authorizers shall consider and
2.23 approve charter school applications using the criteria provided in subdivision 4 and shall
2.24 not limit the applications it solicits, considers, or approves to any single curriculum,
2.25 learning program, or method.

2.26 ~~(e)~~ (d) An eligible authorizer under this subdivision must apply to the commissioner
2.27 for approval as an authorizer before submitting any affidavit to the commissioner to charter
2.28 a school. The application for approval as a charter school authorizer must demonstrate
2.29 the applicant's ability to implement the procedures and satisfy the criteria for chartering a
2.30 school under this section. The commissioner must approve or disapprove an application
2.31 within 45 business days of the application deadline. If the commissioner disapproves
2.32 the application, the commissioner must notify the applicant of the specific deficiencies
2.33 in writing and the applicant then has 20 business days to address the deficiencies to the
2.34 commissioner's satisfaction. After the 20 business days expire, the commissioner has 15
2.35 business days to make a final decision to approve or disapprove the application. Failing to
2.36 address the deficiencies to the commissioner's satisfaction makes an applicant ineligible to

3.1 be an authorizer. The commissioner, in establishing criteria for approval, must consider
3.2 the applicant's:

- 3.3 (1) capacity and infrastructure;
- 3.4 (2) application criteria and process;
- 3.5 (3) contracting process;
- 3.6 (4) ongoing oversight and evaluation processes; and
- 3.7 (5) renewal criteria and processes.

3.8 ~~(d)~~ (e) An applicant must include in its application to the commissioner to be an
3.9 approved authorizer at least the following:

- 3.10 (1) how chartering schools is a way for the organization to carry out its mission;
- 3.11 (2) a description of the capacity of the organization to serve as an authorizer,
3.12 including the personnel who will perform the authorizing duties, their qualifications, the
3.13 amount of time they will be assigned to this responsibility, and the financial resources
3.14 allocated by the organization to this responsibility;
- 3.15 (3) a description of the application and review process the authorizer will use to
3.16 make decisions regarding the granting of charters;
- 3.17 (4) a description of the type of contract it will arrange with the schools it charters
3.18 that meets the provisions of subdivision 6;
- 3.19 (5) the process to be used for providing ongoing oversight of the school consistent
3.20 with the contract expectations specified in clause (4) that assures that the schools chartered
3.21 are complying with both the provisions of applicable law and rules, and with the contract;
- 3.22 (6) a description of the criteria and process the authorizer will use to grant expanded
3.23 applications under subdivision 4, paragraph ~~(j)~~ (s);
- 3.24 (7) the process for making decisions regarding the renewal or termination of
3.25 the school's charter based on evidence that demonstrates the academic, organizational,
3.26 and financial competency of the school, including its success in increasing student
3.27 achievement and meeting the goals of the charter school agreement; and
- 3.28 (8) ~~an assurance specifying that the organization is committed to serving as an~~
3.29 ~~authorizer for the full five-year term.~~ a copy of the resolution adopted by the organization's
3.30 governing board stating that the governing board understands the responsibilities of an
3.31 authorizer and will commit the necessary resources to fulfill those responsibilities.

3.32 ~~(e)~~ (f) A disapproved applicant under this section may resubmit an application
3.33 during a future application period.

3.34 ~~(f)~~ (g) If the governing board of an approved authorizer organization votes to
3.35 withdraw as an approved authorizer for a reason unrelated to any cause under subdivision
3.36 23, the governing board of the authorizer organization must notify all its chartered schools

4.1 and the commissioner ~~in writing~~ by certified mail by July 15 March 31 of its intent to
 4.2 withdraw as an authorizer. A voluntary withdrawal of an authorizer is effective on June
 4.3 30 in the next calendar year following the delivery of the notice, regardless of when
 4.4 the authorizer's five-year term of approval ends. The authorizer must submit a financial
 4.5 report for the last year of authorizing to the commissioner no later than August 15. Any
 4.6 authorizer fees collected in excess of expenses held by the authorizer on June 30 shall
 4.7 be refunded to the authorized schools on a prorated basis. The authorizer shall transfer
 4.8 all records related to a school it authorized to the school's new authorizer no later than
 4.9 August 15. The commissioner may ~~approve the transfer~~ waive deadlines for the approval

4.10 of a transfer of a charter school to a new authorizer under this paragraph ~~after the new~~
 4.11 ~~authorizer submits an affidavit to the commissioner.~~

4.12 ~~(g)~~ (h) The authorizer must participate in department-approved training. The
 4.13 department shall annually post on its Web site the approved training provided to authorizers.

4.14 ~~(h)~~ (i) The commissioner shall review an authorizer's performance every five years
 4.15 in a manner and form determined by the commissioner and may review an authorizer's
 4.16 performance more frequently at the commissioner's own initiative or at the request of a
 4.17 charter school operator, charter school board ~~member~~, or other interested party. The
 4.18 commissioner, after completing the review, shall transmit a report with findings to the
 4.19 authorizer.

4.20 (j) If, consistent with this section, the commissioner finds that an authorizer has not
 4.21 fulfilled the requirements of this section, the commissioner may subject the authorizer
 4.22 to corrective action, which may include terminating the ~~contract with the charter school~~
 4.23 ~~board of directors of a school it chartered~~ authorizer's status of an approved authorizer.
 4.24 The commissioner must notify the authorizer in writing of any findings that may subject
 4.25 the authorizer to corrective action and the authorizer then has 15 business days to request
 4.26 an informal hearing before the commissioner takes corrective action. ~~If the commissioner~~
 4.27 ~~terminates a contract between an authorizer and a charter school under this paragraph,~~
 4.28 ~~the commissioner may assist the charter school in acquiring a new authorizer.~~ If the
 4.29 commissioner terminates the approval of an authorizer's ability to charter schools, the
 4.30 commissioner shall notify the schools that the authorizer charters of the effective date of
 4.31 the termination of the authorizer's ability to authorize. During the transition period to a
 4.32 new authorizer, the school may contract with an approved authorizer, or with another
 4.33 entity agreed upon between the school and the commissioner, to serve as an interim
 4.34 overseer of the school. An interim authorizer or interim overseer shall be able to charge
 4.35 an authorizer fee for the transition period.

5.1 (+) (k) The commissioner may at any time take corrective action against an
5.2 authorizer, including terminating an authorizer's ability to charter a school for:

5.3 (1) failing to demonstrate the criteria under paragraph (e) (d) under which the
5.4 commissioner approved the authorizer;

5.5 (2) violating a term of the chartering contract between the authorizer and the charter
5.6 school board of directors;

5.7 (3) unsatisfactory performance as an approved authorizer; or

5.8 (4) any good cause shown that provides the commissioner a legally sufficient reason
5.9 to take corrective action against an authorizer."

5.10 Page 93, line 10, after "board" insert "governance structure" and strike "include"
5.11 and insert "be"

5.12 Page 93, line 19, after the second "a" insert "separate"

5.13 Page 94, delete lines 18 to 26 and insert:

5.14 "~~(k)~~ (t) The commissioner shall have 30 business days to review and comment on
5.15 the supplemental affidavit. The commissioner shall notify the authorizer of the findings in
5.16 writing ~~of any deficiencies in the supplemental affidavit and~~.

5.17 (1) If an authorizer has a satisfactory or higher rating on its last performance
5.18 evaluation, the authorizer shall submit a response to the findings to the commissioner. The
5.19 final decision on the school expanding grades or adding sites is the authorizer's, after
5.20 submitting its response to the commissioner.

5.21 (2) If an authorizer did not receive at least a satisfactory rating on its last performance
5.22 evaluation, the authorizer ~~then has~~ shall have 20 business days to address, to the
5.23 commissioner's satisfaction, any findings and deficiencies in the supplemental affidavit.
5.24 The commissioner must notify the authorizer of the final approval or disapproval decision
5.25 within 15 business days after receiving the authorizer's response to the findings and the
5.26 deficiencies in the affidavit. ~~The school may not expand grades or add sites until the~~
5.27 commissioner has approved the supplemental affidavit. The commissioner's approval or
5.28 disapproval of a the supplemental affidavit for grade expansion or additional sites is final."

5.29 Page 94, after line 26, insert:

5.30 "Sec. 4. Minnesota Statutes 2014, section 124D.10, subdivision 6, is amended to read:

5.31 Subd. 6. **Charter contract.** The authorization for a charter school must be in the
5.32 form of a written contract signed by the authorizer and the board of directors of the charter
5.33 school. The contract must be completed within 45 business days of the commissioner's
5.34 approval of the authorizer's affidavit. The authorizer shall submit to the commissioner a
5.35 copy of the signed charter contract within ten business days of its execution. The contract
5.36 for a charter school must be in writing and contain at least the following:

- 6.1 (1) a declaration that the charter school will carry out the primary purpose in
6.2 subdivision 1 and how the school will report its implementation of the primary purpose;
- 6.3 (2) a declaration of the additional purpose or purposes in subdivision 1 that the school
6.4 intends to carry out and how the school will report its implementation of those purposes;
- 6.5 (3) a description of the school program and the specific academic and nonacademic
6.6 outcomes that pupils must achieve;
- 6.7 (4) a statement of admission policies and procedures;
- 6.8 (5) a governance, management, and administration plan for the school;
- 6.9 (6) signed agreements from charter school board members to comply with all
6.10 federal and state laws governing organizational, programmatic, and financial requirements
6.11 applicable to charter schools;
- 6.12 (7) the criteria, processes, and procedures that the authorizer will use to monitor and
6.13 evaluate the fiscal, operational, and academic performance consistent with subdivision
6.14 15, paragraphs (a) and (b);
- 6.15 (8) for contract renewal, the formal written performance evaluation of the school
6.16 that is a prerequisite for reviewing a charter contract under subdivision 15;
- 6.17 (9) types and amounts of insurance liability coverage to be obtained by the charter
6.18 school, consistent with subdivision 8, paragraph (k);
- 6.19 (10) consistent with subdivision 25, paragraph (d), a provision to indemnify and
6.20 hold harmless the authorizer and its officers, agents, and employees from any suit, claim,
6.21 or liability arising from any operation of the charter school, and the commissioner and
6.22 department officers, agents, and employees notwithstanding section 3.736;
- 6.23 (11) the term of the contract, which must expire on June 30. For an initial contract,
6.24 which this term may be up to five years plus an additional preoperational planning year,
6.25 and up to five years for a renewed contract or a contract with a new authorizer after a
6.26 transfer of authorizers, if warranted by the school's academic, financial, and operational
6.27 performance, up to five years;
- 6.28 (12) how the board of directors or the operators of the charter school will provide
6.29 special instruction and services for children with a disability under sections 125A.03
6.30 to 125A.24, and 125A.65, a description of the financial parameters within which the
6.31 charter school will operate to provide the special instruction and services to children
6.32 with a disability;
- 6.33 (13) the specific conditions for contract renewal that identify performance of all
6.34 students under the primary purpose of subdivision 1 as the most important factor in
6.35 determining contract renewal;

7.1 (14) the additional purposes under subdivision 1, paragraph (a), and related
 7.2 performance obligations under clause (7) contained in the charter contract as additional
 7.3 factors in determining contract renewal; and

7.4 (15) the plan for an orderly closing of the school under chapter 317A, whether
 7.5 the closure is a termination for cause, a voluntary termination, or a nonrenewal of the
 7.6 contract, that includes establishing the responsibilities of the school board of directors
 7.7 and the authorizer and notifying the commissioner, ~~authorizer~~, school district in which the
 7.8 charter school is located, and parents of enrolled students about the closure, information
 7.9 and assistance sufficient to enable the student to re-enroll in another school, the transfer of
 7.10 student records under subdivision 8, paragraph (p), ~~and procedures for closing financial~~
 7.11 ~~operations.~~ The plan shall also include how the school will finance the costs of closing
 7.12 financial operations, dissolve the nonprofit corporation, and choose the entity that will
 7.13 oversee the closure process by the board.

7.14 Sec. 5. Minnesota Statutes 2014, section 124D.10, subdivision 6a, is amended to read:

7.15 Subd. 6a. **Audit report.** (a) The charter school must submit an audit report to the
 7.16 commissioner and its authorizer by December 31 each year.

7.17 (b) The charter school, with the assistance of the auditor conducting the audit, must
 7.18 include with the report, as supplemental information, a copy of management agreements
 7.19 with a charter management organization or an educational management organization and
 7.20 any service agreements or contracts over the lesser of \$100,000 or ten five percent of the
 7.21 school's most recent annual audited expenditures. The agreements must detail the terms of
 7.22 the agreement, including the services provided and the annual costs for those services.
 7.23 If the entity that provides the professional services to the charter school is exempt from
 7.24 taxation under section 501 of the Internal Revenue Code of 1986, that entity must file with
 7.25 the commissioner by February 15 a copy of the annual return required under section 6033
 7.26 of the Internal Revenue Code of 1986. A copy of all agreements and contracts referred to
 7.27 in this paragraph must be annually posted on the school's Web site.

7.28 (c) A charter school independent audit report shall include audited financial data of
 7.29 an affiliated building corporation or other component unit.

7.30 (d) If the audit report finds that a material weakness exists in the financial reporting
 7.31 systems of a charter school, the charter school must submit a written report to the
 7.32 commissioner explaining how the material weakness will be resolved. An auditor, as a
 7.33 condition of providing financial services to a charter school, must agree to make available
 7.34 information about a charter school's financial audit to the commissioner and authorizer
 7.35 upon request."

8.1 Page 96, line 12, after the period, insert "Upon the closure of a charter school, the
 8.2 school must notify the parent, legal guardian, or emancipated student of the location
 8.3 where the student's educational records were transferred and the date of the transfer.
 8.4 A cumulative report of the educational record transfers shall be submitted to the
 8.5 commissioner and another school or organization that agrees to accept responsibility
 8.6 for archiving the information."

8.7 Page 99, delete section 8 and insert:

8.8 "Sec. 8. Minnesota Statutes 2014, section 124D.10, subdivision 23, is amended to read:

8.9 Subd. 23. **Causes for nonrenewal or termination of charter school contract.** (a)
 8.10 The duration of the contract with an authorizer must be for the term contained in the
 8.11 contract according to subdivision 6. The authorizer may or may not renew a contract at
 8.12 the end of the term for any ground listed in paragraph (b). An authorizer may unilaterally
 8.13 terminate a contract during the term of the contract for any ground listed in paragraph (b).
 8.14 At least 60 business days before not renewing or terminating a contract, the authorizer
 8.15 shall notify the board of directors of the charter school of the proposed action in writing.
 8.16 The notice shall state the grounds for the proposed action in reasonable detail and that the
 8.17 charter school's board of directors may request in writing an informal hearing before the
 8.18 authorizer within 15 business days of receiving notice of nonrenewal or termination of
 8.19 the contract. Failure by the board of directors to make a written request for an informal
 8.20 hearing within the 15-business-day period shall be treated as acquiescence to the proposed
 8.21 action. Upon receiving a timely written request for a hearing, the authorizer shall give ten
 8.22 business days' notice to the charter school's board of directors of the hearing date. The
 8.23 authorizer shall conduct an informal hearing before taking final action. The authorizer
 8.24 shall take final action to renew or not renew a contract no later than 20 business days
 8.25 before the proposed date for terminating the contract or the end date of the contract.

8.26 (b) A contract may be terminated or not renewed upon any of the following grounds:

- 8.27 (1) failure to demonstrate satisfactory academic achievement for all students,
 8.28 including the requirements for pupil performance contained in the contract;
 8.29 (2) failure to meet generally accepted standards of fiscal management;
 8.30 (3) violations of law; or
 8.31 (4) other good cause shown.

8.32 If a contract is terminated or not renewed under this paragraph, the school must be
 8.33 dissolved according to the applicable provisions of chapter 317A.

8.34 (c) If ~~the~~ an authorizer and the charter school board of directors mutually agree not
 8.35 to renew the contract, or end the contract before it expires, a change in authorizers is
 8.36 allowed. The authorizer and the school board must jointly submit a written and signed

9.1 letter of their intent to the commissioner to mutually not renew the contract or end the
 9.2 contract before it expires. The authorizer that is a party to the existing contract must
 9.3 inform the proposed authorizer about the fiscal, operational, and student performance
 9.4 status of the school, as well as any outstanding contractual obligations that exist. The
 9.5 charter contract between the proposed authorizer and the school must identify and provide
 9.6 a plan to address any outstanding obligations from the previous contract. The proposed
 9.7 contract must be submitted at least 105 business days before the end of the existing
 9.8 charter contract. The commissioner shall have 30 business days to review and make a
 9.9 determination. The proposed authorizer and the school shall have 15 business days to
 9.10 respond to the determination and address any issues identified by the commissioner. A
 9.11 final determination by the commissioner shall be made no later than 45 business days
 9.12 before the end of the current charter contract. If no change in authorizer is approved,
 9.13 the school and the current authorizer may withdraw their joint letter of nonrenewal and
 9.14 enter into a new contract or continue the current contract. If the transfer of authorizers is
 9.15 not approved and the current authorizer and the school do not withdraw their letter and
 9.16 enter into a new contract or continue the current contract, the school must be dissolved
 9.17 according to applicable law and the terms of the contract. Any mutual transfer of
 9.18 authorizers under this paragraph is effective on July 1.

9.19 (d) The commissioner, after providing reasonable notice to the board of directors of
 9.20 a charter school and the existing authorizer, and after providing an opportunity for a public
 9.21 hearing, may terminate the existing contract between the authorizer and the charter school
 9.22 board if the charter school has a history of:

- 9.23 (1) failure to meet pupil performance requirements consistent with state law;
 9.24 (2) financial mismanagement or failure to meet generally accepted standards of
 9.25 fiscal management; or
 9.26 (3) repeated or major violations of the law.

9.27 (e) Notwithstanding other provisions of this subdivision, the authorizer of a charter
 9.28 school may terminate an existing contract between the authorizer and the charter school at
 9.29 the end of the current school year, after notifying the charter school board of directors by
 9.30 December 1, if in each of the previous three consecutive school years the performance of
 9.31 the charter school based on federal school accountability measures and on state measures
 9.32 of student performance and growth would place the school in the bottom ten percent of all
 9.33 public schools as determined by the commissioner. If an authorizer chooses to terminate
 9.34 the contract, the school must be closed according to applicable law and the terms of the
 9.35 contract. The authorizer must work with the charter school's board of directors to ensure
 9.36 parents of children currently enrolled at the school are aware of school choice options

10.1 and receive assistance in selecting an appropriate choice for their children for the next
10.2 school year. If the authorizer chooses not to terminate the existing contract under these
10.3 conditions, the authorizer must submit a public, written justification of its decision to the
10.4 commissioner by December 1. The federal and state measures identified in this paragraph
10.5 do not prevent an authorizer from closing schools under other conditions, consistent
10.6 with applicable law and contract terms."

10.7 Renumber the sections in sequence and correct the internal references

10.8 Amend the title accordingly