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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2714

03/07/2012 Authored by Woodard
The bill was read for the first time and referred to the Committee on Education Finance

1.1 A bill for an act
1.2 relating to education; fostering charter school accountability and success;
1.3 appropriating money; amending Minnesota Statutes 2010, section 124D.11, by
1.4 adding a subdivision; Minnesota Statutes 2011 Supplement, sections 124D.10,
1.5 subdivisions 4, 6, 10, 11, 15, 23; 124D.11, subdivision 9.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 4,
1.8 is amended to read:

1.9 Subd. 4. **Formation of school.** (a) An authorizer, after receiving an application from
1.10 a school developer, may charter a licensed teacher under section 122A.18, subdivision
1.11 1, or a group of individuals that includes one or more licensed teachers under section
1.12 122A.18, subdivision 1, to operate a school subject to the commissioner's approval of the
1.13 authorizer's affidavit under paragraph (b). The school must be organized and operated as a
1.14 nonprofit corporation under chapter 317A and the provisions under the applicable chapter
1.15 shall apply to the school except as provided in this section.

1.16 Notwithstanding sections 465.717 and 465.719, a school district, subject to this
1.17 section and section 124D.11, may create a corporation for the purpose of establishing a
1.18 charter school.

1.19 (b) Before the operators may establish and operate a school, the authorizer must file
1.20 an affidavit with the commissioner stating its intent to charter a school. An authorizer
1.21 must file a separate affidavit for each school it intends to charter. The affidavit must
1.22 state the terms and conditions under which the authorizer would charter a school and
1.23 how the authorizer intends to oversee the fiscal and student performance of the charter
1.24 school and to comply with the terms of the written contract between the authorizer
1.25 and the charter school board of directors under subdivision 6. The commissioner must

2.1 approve or disapprove the authorizer's affidavit within 60 business days of receipt of the
 2.2 affidavit. If the commissioner disapproves the affidavit, the commissioner shall notify
 2.3 the authorizer of the deficiencies in the affidavit and the authorizer then has 20 business
 2.4 days to address the deficiencies. If the authorizer does not address deficiencies to the
 2.5 commissioner's satisfaction, the commissioner's disapproval is final. Failure to obtain
 2.6 commissioner approval precludes an authorizer from chartering the school that is the
 2.7 subject of this affidavit.

2.8 (c) The authorizer may prevent an approved charter school from opening for
 2.9 operation if, among other grounds, the charter school violates this section or does not meet
 2.10 the ready-to-open standards that are part of the authorizer's oversight and evaluation
 2.11 process or are stipulated in the charter school contract.

2.12 (d) The operators authorized to organize and operate a school, before entering into a
 2.13 contract or other agreement for professional or other services, goods, or facilities, must
 2.14 incorporate as a nonprofit corporation under chapter 317A and must establish a board of
 2.15 directors composed of at least five members who are not related parties ~~until~~. The board of
 2.16 directors may serve as the ongoing board of directors for the charter school or may decide
 2.17 to hold a timely election for ~~members of the ongoing~~ a charter school board of directors
 2.18 ~~is held according to, consistent with~~ the school's articles and bylaws under paragraph (f).
 2.19 A charter school board of directors must be composed of at least five members who are
 2.20 not related parties. If an election for a board of directors is held, staff members employed
 2.21 at the school, including teachers providing instruction under a contract with a cooperative,
 2.22 and all parents or legal guardians of children enrolled in the school are the only eligible
 2.23 voters ~~eligible to elect the members of the school's board of directors~~. A charter school
 2.24 must notify eligible voters of the school board election dates at least 30 days before the
 2.25 election. Board of director meetings must comply with chapter 13D.

2.26 (e) Upon the request of an individual, the charter school must make available in
 2.27 a timely fashion the minutes of meetings of the board of directors, and of members
 2.28 and committees having any board-delegated authority; financial statements showing all
 2.29 operations and transactions affecting income, surplus, and deficit during the school's last
 2.30 annual accounting period; and a balance sheet summarizing assets and liabilities on the
 2.31 closing date of the accounting period. A charter school also must post on its official Web
 2.32 site information identifying its authorizer and indicate how to contact that authorizer and
 2.33 include that same information about its authorizer in other school materials that it makes
 2.34 available to the public.

2.35 (f) Every charter school board member shall attend department-approved ongoing
 2.36 training throughout the member's term on board governance, including training on

3.1 the board's role and responsibilities, employment policies and practices, and financial
 3.2 management. A board member who does not begin the required initial training within six
 3.3 months after being seated and complete that training within 12 months of being seated on
 3.4 the board is ineligible to continue to serve as a board member.

3.5 ~~(g) The ongoing board must be elected before the school completes its third year of~~
 3.6 ~~operation. Board elections~~ If an election is held for a board of directors under paragraph
 3.7 (d), it must be held during the school year but may not be conducted on days when the
 3.8 school is closed for holidays or vacations. The A charter school board of directors shall be
 3.9 composed of at least five nonrelated members and include: (i) at least one licensed teacher
 3.10 employed at the school or a licensed teacher providing instruction under contract between
 3.11 the charter school and a cooperative; (ii) the parent or legal guardian of a student enrolled
 3.12 in the charter school who is not an employee of the charter school; and (iii) an interested
 3.13 community member who is not employed by the charter school and does not have a child
 3.14 enrolled in the school. The elected board may be a teacher majority board composed of
 3.15 teachers described in this paragraph. The chief financial officer and the chief administrator
 3.16 may only serve as ex-officio nonvoting board members and may not serve as a voting
 3.17 member of the board. Charter school employees shall not serve on ~~the~~ a charter school
 3.18 board unless item (i) applies. Contractors providing facilities, goods, or services to a
 3.19 charter school shall not serve on the board of directors of the charter school. Board bylaws
 3.20 shall outline the process and procedures for changing the board's governance model
 3.21 and for replacing an elected board with a board appointed by the nonprofit corporation
 3.22 operating the charter school, consistent with chapter 317A. A board may change its
 3.23 governance model or replace an elected board with an appointed board only:

3.24 ~~(1) by a majority vote of the board of directors and the licensed teachers employed~~
 3.25 ~~by the school, including licensed teachers providing instruction under a contract between~~
 3.26 ~~the school and a cooperative; and~~

3.27 ~~(2) with the authorizer's approval.~~

3.28 Any change in board governance or composition must conform with the board
 3.29 structure established under this paragraph and paragraph (d).

3.30 (h) The granting or renewal of a charter by an authorizer must not be conditioned
 3.31 upon the bargaining unit status of the employees of the school.

3.32 (i) The granting or renewal of a charter school by an authorizer must not be
 3.33 contingent on the charter school being required to contract, lease, or purchase services
 3.34 from the authorizer. Any potential contract, lease, or purchase of service from an
 3.35 authorizer must be disclosed to the commissioner, accepted through an open bidding
 3.36 process, and be a separate contract from the charter contract. The school must document

4.1 the open bidding process. An authorizer must not enter into a contract to provide
 4.2 management and financial services for a school that it authorizes, unless the school
 4.3 documents that it received at least two competitive bids.

4.4 (j) An authorizer may permit the board of directors of a charter school to expand
 4.5 the operation of the charter school to additional sites or to add additional grades at the
 4.6 school beyond those described in the authorizer's original affidavit as approved by
 4.7 the commissioner only after submitting a supplemental affidavit for approval to the
 4.8 commissioner in a form and manner prescribed by the commissioner. An additional site
 4.9 approved by the commissioner is eligible to receive available start-up aid including
 4.10 preoperational start-up aid under section 124D.11, subdivision 8a. The supplemental
 4.11 affidavit must document that:

4.12 (1) the proposed expansion plan demonstrates need and projected enrollment;

4.13 (2) the expansion is warranted, at a minimum, by longitudinal data demonstrating
 4.14 students' improved academic performance and growth on statewide assessments under
 4.15 chapter 120B;

4.16 (3) the charter school is financially sound and the financing it needs to implement
 4.17 the proposed expansion exists; and

4.18 (4) the charter school has the governance structure and management capacity to
 4.19 carry out its expansion.

4.20 (k) The commissioner shall have 30 business days to review and comment on the
 4.21 supplemental affidavit. The commissioner shall notify the authorizer of any deficiencies in
 4.22 the supplemental affidavit and the authorizer then has 20 business days to address, to the
 4.23 commissioner's satisfaction, any deficiencies in the supplemental affidavit. The school
 4.24 may not expand grades or add sites until the commissioner has approved the supplemental
 4.25 affidavit. The commissioner's approval or disapproval of a supplemental affidavit is final.

4.26 **EFFECTIVE DATE.** This section is effective for the 2012-2013 school year and
 4.27 later.

4.28 Sec. 2. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 6, is
 4.29 amended to read:

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

- 5.1 (1) a declaration of the purposes in subdivision 1 that the school intends to carry out
5.2 and how the school will report its implementation of those purposes;
- 5.3 (2) a description of the school program and the specific academic and nonacademic
5.4 outcomes that pupils must achieve;
- 5.5 (3) a statement of admission policies and procedures;
- 5.6 (4) a governance, management, and administration plan for the school;
- 5.7 (5) signed agreements from charter school board members to comply with all
5.8 federal and state laws governing organizational, programmatic, and financial requirements
5.9 applicable to charter schools;
- 5.10 (6) the criteria, processes, and procedures that the authorizer will use for ongoing
5.11 oversight of operational, financial, and academic performance;
- 5.12 (7) the performance evaluation that is a prerequisite for reviewing a charter contract
5.13 under subdivision 15 and requires, in the previous three consecutive school years, that
5.14 at least 35 percent of all tested students demonstrate proficiency in state reading and
5.15 mathematics assessments or that the percent of students demonstrating "on-track" growth
5.16 in reading and mathematics under subdivision 23, paragraph (e), meets or exceeds the
5.17 statewide average for the same grade span, unless the charter school serves only students
5.18 eligible to participate in the graduation incentives program under section 124D.68, or 50
5.19 percent or more of enrolled students are eligible students with disabilities;
- 5.20 (8) types and amounts of insurance liability coverage to be obtained by the charter
5.21 school;
- 5.22 (9) consistent with subdivision 25, paragraph (d), a provision to indemnify and hold
5.23 harmless the authorizer and its officers, agents, and employees from any suit, claim,
5.24 or liability arising from any operation of the charter school, and the commissioner and
5.25 department officers, agents, and employees notwithstanding section 3.736;
- 5.26 (10) the term of the initial contract, which may be up to three years plus an additional
5.27 preoperational planning year, and up to five years for a renewed contract or a contract with
5.28 a new authorizer after a transfer of authorizers, if warranted by the school's academic,
5.29 financial, and operational performance;
- 5.30 (11) how the board of directors or the operators of the charter school will provide
5.31 special instruction and services for children with a disability under sections 125A.03
5.32 to 125A.24, and 125A.65, a description of the financial parameters within which the
5.33 charter school will operate to provide the special instruction and services to children
5.34 with a disability;
- 5.35 (12) the process and criteria the authorizer intends to use to monitor and evaluate the
5.36 fiscal and student performance of the charter school, consistent with subdivision 15; and

6.1 (13) the plan for an orderly closing of the school under chapter 317A, if the closure
 6.2 is a termination for cause, a voluntary termination, or a nonrenewal of the contract, and
 6.3 that includes establishing the responsibilities of the school board of directors and the
 6.4 authorizer and notifying the commissioner, authorizer, school district in which the charter
 6.5 school is located, and parents of enrolled students about the closure, the transfer of student
 6.6 records to students' resident districts, and procedures for closing financial operations.

6.7 **EFFECTIVE DATE.** This section is effective for the 2012-2013 school year and
 6.8 later.

6.9 Sec. 3. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 10, is
 6.10 amended to read:

6.11 Subd. 10. **Pupil performance.** (a) A charter school must design its programs to at
 6.12 least meet the outcomes adopted by the commissioner for public school students. ~~In the~~
 6.13 ~~absence of the commissioner's requirements, the school must meet the~~ and any additional
 6.14 outcomes contained in the contract with the authorizer. The achievement levels of the
 6.15 outcomes contained in the contract may exceed the achievement levels of any outcomes
 6.16 adopted by the commissioner for public school students.

6.17 (b) Consistent with section 124D.095, and notwithstanding subdivision 11, paragraph
 6.18 (a), a charter school may use blended learning to deliver differentiated instruction and
 6.19 improve outcomes for diverse groups of students. Blended learning occurs when (1) a
 6.20 student learns part time in a supervised physical setting and part time through digital
 6.21 delivery of instruction or (2) a student learns full time in a supervised physical setting
 6.22 where technology is used to deliver instruction. A licensed teacher need not be physically
 6.23 present to supervise the delivery of differentiated instruction under this paragraph.

6.24 **EFFECTIVE DATE.** This section is effective for the 2012-2013 school year and
 6.25 later.

6.26 Sec. 4. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 11, is
 6.27 amended to read:

6.28 Subd. 11. **Employment and other operating matters.** (a) A charter school must
 6.29 employ or contract with necessary teachers, as defined by section 122A.15, subdivision 1,
 6.30 who: hold valid licenses to perform the particular service for which they are employed in
 6.31 the school; or hold valid out-of-state teaching licenses or have completed an alternative
 6.32 teacher preparation and licensure program in Minnesota or another state and have taught
 6.33 full time for at least two school years in a school where 50 percent or more of enrolled

7.1 students were eligible to receive a free or reduced price lunch. The charter school's state
 7.2 aid may be reduced under section 127A.43 if the school employs a teacher who is not
 7.3 appropriately licensed or approved by the board of teaching or fails to meet the other
 7.4 requirements of this paragraph. The school may employ necessary employees who are not
 7.5 required to hold teaching licenses to perform duties other than teaching and may contract
 7.6 for other services. The school may discharge teachers and nonlicensed employees. The
 7.7 charter school board is subject to section 181.932. When offering employment to a
 7.8 prospective employee, a charter school must give that employee a written description of
 7.9 the terms and conditions of employment and the school's personnel policies.

7.10 (b) Notwithstanding paragraph (a) or other law to the contrary, a charter school may
 7.11 employ or contract with necessary nonlicensed teachers for a five-year period if in two of
 7.12 the previous three consecutive school years:

7.13 (1) the percent of tested students enrolled in the charter school that demonstrated
 7.14 proficiency and "on-track" growth on state reading and mathematics assessments under
 7.15 subdivision 23, paragraph (e), meets or exceeds statewide averages for the same grade
 7.16 span served by the school; or

7.17 (2) where 50 percent or more of students enrolled in the charter school were eligible
 7.18 to receive a free or reduced price lunch, the percent of tested students enrolled in the
 7.19 charter school that demonstrated proficiency or "on-track" growth on state reading and
 7.20 mathematics assessments under subdivision 23, paragraph (e), meets or exceeds statewide
 7.21 averages for the same grade span served by the school.

7.22 ~~(b)~~ (c) A person, without holding a valid administrator's license, may perform
 7.23 administrative, supervisory, or instructional leadership duties. The board of directors shall
 7.24 establish qualifications for persons that hold administrative, supervisory, or instructional
 7.25 leadership roles. The qualifications shall include at least the following areas: instruction
 7.26 and assessment; human resource and personnel management; financial management;
 7.27 legal and compliance management; effective communication; and board, authorizer, and
 7.28 community relationships. The board of directors shall use those qualifications as the basis
 7.29 for job descriptions, hiring, and performance evaluations of those who hold administrative,
 7.30 supervisory, or instructional leadership roles. The board of directors and an individual
 7.31 who does not hold a valid administrative license and who serves in an administrative,
 7.32 supervisory, or instructional leadership position shall develop a professional development
 7.33 plan. Documentation of the implementation of the professional development plan of these
 7.34 persons shall be included in the school's annual report.

7.35 ~~(e)~~ (d) The board of directors also shall decide matters related to the operation of the
 7.36 school, including budgeting, curriculum and operating procedures.

8.1 **EFFECTIVE DATE.** This section is effective for the 2012-2013 school year and
8.2 later.

8.3 Sec. 5. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 15, is
8.4 amended to read:

8.5 Subd. 15. **Review and comment.** (a) The authorizer shall provide a formal written
8.6 evaluation of the school's performance before the authorizer renews the charter contract.
8.7 The department must review and comment on the authorizer's evaluation process at the
8.8 time the authorizer submits its application for approval and each time the authorizer
8.9 undergoes its five-year review under subdivision 3, paragraph (e).

8.10 (b) An authorizer shall monitor and evaluate the fiscal, operational, and student
8.11 performance of the school, and may for this purpose annually assess a charter school
8.12 a fee according to paragraph (c). The agreed-upon fee structure must be stated in the
8.13 charter school contract. The commissioner must deduct from the general education
8.14 program revenue of a charter school the amount of the agreed-upon fee assessed under this
8.15 subdivision and transmit that amount to the charter school's authorizer.

8.16 (c) The fee that each charter school pays to an authorizer each year is the greater of:

8.17 (1) the basic formula allowance for that year; or

8.18 (2) the lesser of:

8.19 (i) the maximum fee factor times the basic formula allowance for that year; or

8.20 (ii) the fee factor times the basic formula allowance for that year times the charter
8.21 school's adjusted marginal cost pupil units for that year. The fee factor equals .005 in fiscal
8.22 year 2010, .01 in fiscal year 2011, .013 in fiscal year 2012, and .015 in fiscal years 2013
8.23 and later. The maximum fee factor equals 1.5 in fiscal year 2010, 2.0 in fiscal year 2011,
8.24 3.0 in fiscal year 2012, and 4.0 in fiscal years 2013 and later.

8.25 (d) The department and any charter school it charters must not assess or pay a fee
8.26 under paragraphs (b) and (c).

8.27 (e) For the preoperational planning period, the authorizer may assess a charter school
8.28 a fee equal to the basic formula allowance.

8.29 (f) By September 30 of each year, an authorizer shall submit to the commissioner
8.30 a statement of expenditures related to chartering activities during the previous school
8.31 year ending June 30. A copy of the statement shall be given to all schools chartered by
8.32 the authorizer.

8.33 **EFFECTIVE DATE.** This section is effective for the 2012-2013 school year and
8.34 later.

9.1 Sec. 6. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 23, is
9.2 amended to read:

9.3 Subd. 23. **Causes for nonrenewal or termination of charter school contract.** (a)
9.4 The duration of the contract with an authorizer must be for the term contained in the
9.5 contract according to subdivision 6. The authorizer may or may not renew a contract at
9.6 the end of the term for any ground listed in paragraph (b). An authorizer may unilaterally
9.7 terminate a contract during the term of the contract for any ground listed in paragraph (b).
9.8 At least 60 business days before not renewing or terminating a contract, the authorizer
9.9 shall notify the board of directors of the charter school of the proposed action in writing.
9.10 The notice shall state the grounds for the proposed action in reasonable detail and that the
9.11 charter school's board of directors may request in writing an informal hearing before the
9.12 authorizer within 15 business days of receiving notice of nonrenewal or termination of
9.13 the contract. Failure by the board of directors to make a written request for an informal
9.14 hearing within the 15-business-day period shall be treated as acquiescence to the proposed
9.15 action. Upon receiving a timely written request for a hearing, the authorizer shall give ten
9.16 business days' notice to the charter school's board of directors of the hearing date. The
9.17 authorizer shall conduct an informal hearing before taking final action. The authorizer
9.18 shall take final action to renew or not renew a contract no later than 20 business days
9.19 before the proposed date for terminating the contract or the end date of the contract.

9.20 (b) A contract may be terminated or not renewed upon any of the following grounds:
9.21 (1) failure to meet the requirements for pupil performance contained in the contract;
9.22 (2) failure to meet generally accepted standards of fiscal management;
9.23 (3) violations of law; or
9.24 (4) other good cause shown.

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

9.27 (c) If the authorizer and the charter school board of directors mutually agree to
9.28 terminate or not renew the contract, a change in authorizers is allowed if the commissioner
9.29 approves the change to a different eligible authorizer to authorize the charter school.
9.30 Both parties must jointly submit their intent in writing to the commissioner to mutually
9.31 terminate the contract. The authorizer that is a party to the existing contract must inform
9.32 the proposed authorizer about the fiscal and operational status and student performance
9.33 of the school. Before the commissioner determines whether to approve a change in
9.34 authorizer, the proposed authorizer must identify any outstanding issues in the proposed
9.35 charter contract that were unresolved in the previous charter contract and have the charter

10.1 school agree to resolve those issues. If no change in authorizer is approved, the school
 10.2 must be dissolved according to applicable law and the terms of the contract.

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

10.7 (1) failure to meet pupil performance requirements consistent with state law;

10.8 (2) financial mismanagement or failure to meet generally accepted standards of
 10.9 fiscal management; or

10.10 (3) repeated or major violations of the law.

10.11 (e) Notwithstanding other provisions of this subdivision, the commissioner must
 10.12 terminate an existing contract between an authorizer and the charter school at the end
 10.13 of the current school year, after notifying the charter school board of directors and its
 10.14 authorizer, if in each of the previous three consecutive school years the charter school (1)
 10.15 had less than 35 percent of all tested students demonstrate proficiency in state reading and
 10.16 mathematics assessments and (2) had a lower percent of students demonstrate "on-track"
 10.17 growth in state reading and mathematics assessments than the statewide average for the
 10.18 same grade span served by the school. Consistent with subdivision 6, clause (7), this
 10.19 paragraph does not apply to a charter school serving only students eligible to participate in
 10.20 the graduation incentives programs under section 124D.68, or where 50 percent or more
 10.21 of enrolled students are eligible students with disabilities.

10.22 "On-track" growth for purposes of this section means students who have
 10.23 demonstrated proficiency and medium or high growth on state reading and mathematics
 10.24 assessments or students who have not demonstrated proficiency but have demonstrated
 10.25 high growth on state reading and mathematics assessments.

10.26 **EFFECTIVE DATE.** This section is effective for the 2012-2013 school year and
 10.27 later.

10.28 Sec. 7. Minnesota Statutes 2010, section 124D.11, is amended by adding a subdivision
 10.29 to read:

10.30 Subd. 8a. **Preoperational start-up costs.** At the time the commissioner approves
 10.31 an authorizer's affidavit under section 124D.10, subdivision 3, paragraph (a), an eligible
 10.32 charter school must receive \$200,000 in aid for start-up costs in its preoperational year.

10.33 **EFFECTIVE DATE.** This section is effective for aid payments for fiscal years
 10.34 2013 and later.

11.1 Sec. 8. Minnesota Statutes 2011 Supplement, section 124D.11, subdivision 9, is
11.2 amended to read:

11.3 Subd. 9. **Payment of aids to charter schools.** (a) Notwithstanding section
11.4 127A.45, subdivision 3, if:

11.5 (1) the current year aid payment percentage under section 127A.45, subdivision 2,
11.6 paragraph (d), is 90 or greater; or

11.7 (2) the charter school is in its first three years of operation, then the aid payments
11.8 for the current fiscal year to a charter school shall be of an equal amount on each of the
11.9 24 payment dates. Notwithstanding section 127A.45, subdivision 3, if the current year
11.10 aid payment percentage under section 127A.45, subdivision 2, paragraph (d), is less
11.11 than 90, aid payments for the current fiscal year to a charter school in its fourth or later
11.12 year of operation shall be of an equal amount on each of the 16 payment dates in July
11.13 through February.

11.14 (b) Notwithstanding paragraph (a) and section 127A.45, for a charter school ceasing
11.15 operation on or prior to June 30 of a school year, for the payment periods occurring after
11.16 the school ceases serving students, the commissioner shall withhold the estimated state aid
11.17 owed the school. The charter school board of directors and authorizer must submit to the
11.18 commissioner a closure plan under chapter 308A or 317A, and financial information about
11.19 the school's liabilities and assets. After receiving the closure plan, financial information,
11.20 an audit of pupil counts, documentation of lease expenditures, and monitoring of special
11.21 education expenditures, the commissioner may release cash withheld and may continue
11.22 regular payments up to the current year payment percentages if further amounts are
11.23 owed. If, based on audits and monitoring, the school received state aid in excess of the
11.24 amount owed, the commissioner shall retain aid withheld sufficient to eliminate the aid
11.25 overpayment. For a charter school ceasing operations prior to, or at the end of, a school
11.26 year, notwithstanding section 127A.45, subdivision 3, preliminary final payments may
11.27 be made after receiving the closure plan, audit of pupil counts, monitoring of special
11.28 education expenditures, documentation of lease expenditures, and school submission of
11.29 Uniform Financial Accounting and Reporting Standards (UFARS) financial data for the
11.30 final year of operation. Final payment may be made upon receipt of audited financial
11.31 statements under section 123B.77, subdivision 3.

11.32 (c) If a charter school fails to comply with the commissioner's directive to return,
11.33 for cause, federal or state funds administered by the department, the commissioner may
11.34 withhold an amount of state aid sufficient to satisfy the directive.

11.35 (d) If, within the timeline under section 471.425, a charter school fails to pay the state
11.36 of Minnesota, a school district, intermediate school district, or service cooperative after

12.1 receiving an undisputed invoice for goods and services, the commissioner may withhold
 12.2 an amount of state aid sufficient to satisfy the claim and shall distribute the withheld
 12.3 aid to the interested state agency, school district, intermediate school district, or service
 12.4 cooperative. An interested state agency, school district, intermediate school district, or
 12.5 education cooperative shall notify the commissioner when a charter school fails to pay an
 12.6 undisputed invoice within 75 business days of when it received the original invoice.

12.7 (e) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 80 percent
 12.8 of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day
 12.9 of student attendance for that school year.

12.10 (f) In order to receive state aid payments under this subdivision, a charter school in
 12.11 its first three years of operation must submit a school calendar in the form and manner
 12.12 requested by the department and a quarterly report to the Department of Education. The
 12.13 report must list each student by grade, show the student's start and end dates, if any,
 12.14 with the charter school, and for any student participating in a learning year program,
 12.15 the report must list the hours and times of learning year activities. The report must be
 12.16 submitted not more than two weeks after the end of the calendar quarter to the department.
 12.17 The department must develop a Web-based reporting form for charter schools to use
 12.18 when submitting enrollment reports. A charter school in its fourth and subsequent year of
 12.19 operation must submit a school calendar and enrollment information to the department in
 12.20 the form and manner requested by the department.

12.21 (g) Notwithstanding sections 317A.701 to 317A.791, upon closure of a charter
 12.22 school and satisfaction of creditors, cash and investment balances remaining shall be
 12.23 returned to the state.

12.24 (h) A charter school must have a valid, signed contract under section 124D.10,
 12.25 subdivision 6, on file at the Department of Education at least 15 days prior to the date of
 12.26 first payment of state aid for the fiscal year.

12.27 (i) State aid entitlements shall be computed for a charter school only for the
 12.28 portion of a school year for which it has a valid, signed contract under section 124D.10,
 12.29 subdivision 6.

12.30 **EFFECTIVE DATE.** This section is effective for aid payments for fiscal years
 12.31 2013 and later.

12.32 **Sec. 9. APPROPRIATION; PREOPERATIONAL START-UP COSTS.**

12.33 \$..... is appropriated from the general fund to the commissioner of education in
 12.34 fiscal year 2013 for purposes of preoperational start-up aid under Minnesota Statutes,
 12.35 section 124D.11, subdivision 8a.