

A bill for an act
relating to education; modifying charter school provisions; amending Minnesota
Statutes 2010, sections 120B.30, subdivision 3; 124D.10; 124D.11, subdivision 9.

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

Section 1. Minnesota Statutes 2010, section 120B.30, subdivision 3, is amended to read:

Subd. 3. **Reporting.** The commissioner shall report test data publicly and to stakeholders, including the performance achievement levels developed from students' unweighted test scores in each tested subject and a listing of demographic factors that strongly correlate with student performance. The commissioner shall also report data that compares performance results among school sites, school districts, Minnesota and other states, and Minnesota and other nations. The commissioner shall disseminate to schools and school districts a more comprehensive report containing testing information that meets local needs for evaluating instruction and curriculum. The commissioner shall disseminate to charter school authorizers a more comprehensive report containing testing information that contains anonymized data where cell count data are sufficient to protect student identity and that meets the authorizer's needs in fulfilling its obligations under section 124D.10.

Sec. 2. Minnesota Statutes 2010, section 124D.10, is amended to read:

124D.10 CHARTER SCHOOLS.

Subdivision 1. **Purposes.** (a) The purpose of this section is to:

- (1) improve pupil learning and student achievement;
- (2) increase learning opportunities for pupils;
- (3) encourage the use of different and innovative teaching methods;

(4) measure learning outcomes and create different and innovative forms of measuring outcomes;

(5) establish new forms of accountability for schools; and

(6) create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site.

(b) This section does not provide a means to keep open a school that otherwise would be closed or to reestablish a school that has been closed. Applicants in these circumstances bear the burden of proving that conversion to a charter school or establishment of a new charter school fulfills the purposes specified in this subdivision, independent of the school's closing a school board decides to close. However, a school board may endorse or authorize the establishing of a charter school to replace the school the board decided to close. Applicants seeking a charter under this circumstance must demonstrate to the authorizer that the charter sought is substantially different in purpose and program from the school the board closed and that the proposed charter satisfies the requirements of this subdivision. If the school board that closed the school authorizes the charter, it must document in its affidavit to the commissioner that the charter is substantially different in program and purpose from the school it closed.

An authorizer shall not approve an application submitted by a charter school developer under subdivision 4, paragraph (a), if the application does not comply with this subdivision. The commissioner shall not approve an affidavit submitted by an authorizer under subdivision 4, paragraph (b), if the affidavit does not comply with this subdivision.

Subd. 2. **Applicability.** This section applies only to charter schools formed and operated under this section.

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

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

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

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

~~"Affidavit" means the form an authorizer submits to the commissioner that is a precondition to a charter school organizing an affiliated nonprofit building corporation under subdivision 17a.~~

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

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

(2) a charitable organization under section 501(c)(3) of the Internal Revenue Code of 1986, excluding a nonpublic sectarian or religious institution; without an affidavit approved by the commissioner before July 1, 2009, and any person other than a natural person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the nonpublic sectarian or religious institution, and any other charitable organization under this clause that in the federal IRS Form 1023, Part IV, describes activities indicating a religious purpose, that:

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

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

(iii) ~~reports an end-of-year fund balance of at least \$2,000,000; and~~

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

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

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

(5) ~~no more than three~~ single-purpose authorizers that are charitable, nonsectarian organizations formed under section 501(c)(3) of the Internal Revenue Code of 1986 and incorporated in the state of Minnesota whose sole purpose is to charter schools. Eligible organizations interested in being approved as an authorizer under this paragraph must

submit a proposal to the commissioner that includes the provisions of paragraph (c) and a five-year financial plan. Such authorizers shall consider and approve applications using the criteria provided in subdivision 4 and shall not limit the applications it solicits, considers, or approves to any single curriculum, learning program, or method.

(c) An eligible authorizer under this subdivision must apply to the commissioner for approval as an authorizer before submitting any affidavit to the commissioner to charter a school. The application for approval as a charter school authorizer must demonstrate the applicant's ability to implement the procedures and satisfy the criteria for chartering a school under this section. The commissioner must approve or disapprove an application within ~~60~~ 45 business days of the application deadline. If the commissioner disapproves the application, the commissioner must notify the applicant of the specific deficiencies in writing and the applicant then has 20 business days to ~~address~~ mitigate the deficiencies to the commissioner's satisfaction. After the 20 business days expire, the commissioner has 15 business days to make a final decision to approve or disapprove the application. Failing to address the deficiencies to the commissioner's satisfaction makes an applicant ineligible to be an authorizer. The commissioner, in establishing criteria for approval, must consider the applicant's:

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

~~(d) The affidavit to be submitted to and evaluated by~~ An applicant must include in its application to the commissioner ~~must include~~ to be an approved authorizer at least the following:

- (1) how chartering schools is a way for the organization to carry out its mission;
- (2) a description of the capacity of the organization to serve as an authorizer, including the personnel who will perform the authorizing duties, their qualifications, the amount of time they will be assigned to this responsibility, and the financial resources allocated by the organization to this responsibility;
- (3) a description of the application and review process the authorizer will use to make decisions regarding the granting of charters, ~~which will include at least the following:~~
 - ~~(i) how the statutory purposes defined in subdivision 1 are addressed;~~
 - ~~(ii) the mission, goals, program model, and student performance expectations;~~
 - ~~(iii) an evaluation plan for the school that includes criteria for evaluating educational, organizational, and fiscal plans;~~

~~(iv) the school's governance plan;~~
~~(v) the financial management plan; and~~
~~(vi) the administration and operations plan;~~
(4) a description of the type of contract it will arrange with the schools it charters that meets the provisions of subdivision 6 ~~and defines the rights and responsibilities of the charter school for governing its educational program, controlling its funds, and making school management decisions;~~

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

(6) a description of the criteria and process the authorizer will use to grant expanded applications under subdivision 4, paragraph (j);

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

~~(7)~~ (8) an assurance specifying that the organization is committed to serving as an authorizer for the full five-year term.

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

(f) If the governing board of an approved authorizer that has chartered multiple schools votes to withdraw as an approved authorizer for a reason unrelated to any cause under subdivision 23, the authorizer must notify all its chartered schools and the commissioner in writing by July 15 of its intent to withdraw as an authorizer on June 30 in the next calendar year. The commissioner shall approve the transfer of a charter school to a new authorizer under this paragraph after the new authorizer submits an affidavit to the commissioner.

~~(e)~~ (g) The authorizer must participate in department-approved training.

~~(f)~~ (h) An authorizer that chartered a school before August 1, 2009, must apply by ~~June 30, 2011~~ September 30, 2011, to the commissioner for approval, under paragraph (c), to continue as an authorizer under this section. For purposes of this paragraph, an authorizer that fails to submit a timely application for commissioner approval is ineligible to ~~charter~~ authorize a school.

~~(g)~~ (i) The commissioner shall review an authorizer's performance every five years in a manner and form determined by the commissioner and may review an authorizer's performance more frequently at the commissioner's own initiative or at the request of a

charter school operator, charter school board member, or other interested party. The commissioner, after completing the review, shall transmit a report with findings to the authorizer. If, consistent with this section, the commissioner finds that an authorizer has not fulfilled the requirements of this section, the commissioner may subject the authorizer to corrective action, which may include terminating the contract with the charter school board of directors of a school it chartered. The commissioner must notify the authorizer in writing of any findings that may subject the authorizer to corrective action and the authorizer then has 15 business days to request an informal hearing before the commissioner takes corrective action. If the commissioner terminates a contract between an authorizer and a charter school under this paragraph, the commissioner shall assist the charter school in acquiring a new authorizer.

~~(h)~~ (j) The commissioner may at any time take corrective action against an authorizer, including terminating an authorizer's ability to charter a school for:

(1) failing to demonstrate the criteria under paragraph (c) under which the commissioner approved the authorizer;

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

(3) unsatisfactory performance as an approved authorizer; or

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

Subd. 4. **Formation of school.** (a) An authorizer, after receiving an application from a school developer, may charter a licensed teacher under section 122A.18, subdivision 1, or a group of individuals that includes one or more licensed teachers under section 122A.18, subdivision 1, to operate a school subject to the commissioner's approval of the authorizer's affidavit under paragraph (b). The school must be organized and operated as a ~~cooperative under chapter 308A or~~ nonprofit corporation under chapter 317A and the provisions under the applicable chapter shall apply to the school except as provided in this section.

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

(b) Before the operators may establish and operate a school, the authorizer must file an affidavit with the commissioner stating its intent to charter a school. An authorizer must file a separate affidavit for each school it intends to charter. The affidavit must state the terms and conditions under which the authorizer would charter a school and how the authorizer intends to oversee the fiscal and student performance of the charter

7.1 school and to comply with the terms of the written contract between the authorizer
7.2 and the charter school board of directors under subdivision 6. The commissioner must
7.3 approve or disapprove the authorizer's affidavit within 60 business days of receipt of the
7.4 affidavit. If the commissioner disapproves the affidavit, the commissioner shall notify
7.5 the authorizer of the deficiencies in the affidavit and the authorizer then has 20 business
7.6 days to address the deficiencies. If the authorizer does not address deficiencies to the
7.7 commissioner's satisfaction, the commissioner's disapproval is final. Failure to obtain
7.8 commissioner approval precludes an authorizer from chartering the school that is the
7.9 subject of this affidavit.

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

7.14 (d) The operators authorized to organize and operate a school, before entering into a
7.15 contract or other agreement for professional or other services, goods, or facilities, must
7.16 incorporate as a ~~cooperative under chapter 308A or as a nonprofit corporation under~~
7.17 ~~chapter 317A~~ and must establish a board of directors composed of at least five members
7.18 who are not related parties until a timely election for members of the ongoing charter
7.19 school board of directors is held according to the school's articles and bylaws under
7.20 paragraph (f). A charter school board of directors must be composed of at least five
7.21 members who are not related parties. Staff members employed at the school, including
7.22 teachers providing instruction under a contract with a cooperative, and all parents or legal
7.23 guardians of children enrolled in the school are the voters eligible to elect the members
7.24 of the school's board of directors. A charter school must notify eligible voters of the
7.25 school board election dates at least 30 days before the election. Board of director meetings
7.26 must comply with chapter 13D.

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

(f) Every charter school board member shall attend ~~department-approved~~ ongoing training throughout the member's term on board governance, including training on the board's role and responsibilities, employment policies and practices, and financial management. A board member who does not begin the required initial training within six months ~~of~~ after being seated and complete the required ~~that~~ training within 12 months of being seated on the board is ineligible to continue to serve as a board member.

(g) The ongoing board must be elected before the school completes its third year of operation. Board elections must be held at a convenient time during ~~a time when~~ the school ~~is in session~~ year but may not be conducted on days when the school is closed for holidays or vacations. The charter school board of directors shall be composed of at least five nonrelated members and include: (i) at least one licensed teacher employed as a teacher at the school or a licensed teacher providing instruction under ~~a contract~~ an employment agreement between the charter school and a cooperative; (ii) the parent or legal guardian of a student enrolled in the charter school who is not an employee of the charter school; and (iii) an interested community member who is not employed by the charter school and does not have a child enrolled in the school. The board may be a teacher majority board composed of teachers described in this paragraph. The chief financial officer and the chief administrator ~~are~~ may only serve as ex-officio nonvoting board members and may not serve as a voting member of the board. Charter school employees shall not serve on the board unless item (i) applies. Contractors providing facilities, goods, or services to a charter school shall not serve on the board of directors of the charter school. Board bylaws shall outline the process and procedures for changing the board's governance model, consistent with chapter 317A. A board may change its governance model only:

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

(2) with the authorizer's approval.

Any change in board governance must conform with the board structure established under this paragraph.

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

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

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

(j) An authorizer may permit the board of directors of a charter school to expand the operation of the charter school to additional sites or to add additional grades at the school beyond those described in the authorizer's original affidavit as approved by the commissioner only after submitting a supplemental affidavit for approval to the commissioner in a form and manner prescribed by the commissioner. The supplemental affidavit must ~~show document~~ that:

(1) the ~~expansion proposed by the charter school is supported by~~ expansion plan demonstrates need and projected enrollment;

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

(3) the charter school is ~~fiscally~~ financially sound and ~~has the financial capacity~~ the financing needed to implement the proposed expansion exists; and

(4) the ~~authorizer finds that the~~ charter school has the governance structure and management capacity to carry out its expansion.

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

(l) A charter school operating under this section may merge with another charter school only after the board of directors and the authorizer of each charter school formally approve the merger. The merger must comply with chapter 317A and section 124D.11, subdivision 9, paragraph (g). After the affected boards of directors and authorizers formally approve the merger, the charter schools may negotiate a merger plan that includes at least the following:

(1) a merger budget, a multiyear operating budget for the merged charter school, and a long-range financial plan that provides for the transfer of assets and liabilities to the merged charter school;

(2) a process for transferring responsibility for governing, administering, and operating the merged charter school; and

10.1 (3) a statement of academic and student engagement goals.

10.2 The boards of directors of the merging charter schools and the authorizer that agrees to
10.3 charter the merged charter school must approve the merger plan. After the merger plan is
10.4 approved, the authorizer of the merged charter school must submit a supplemental affidavit
10.5 to the commissioner. The commissioner must approve or disapprove the supplemental
10.6 affidavit within 30 business days. The authorizer must not give final approval for the
10.7 merger to take effect until the commissioner approves the supplemental affidavit.

10.8 Subd. 4a. **Conflict of interest.** (a) An individual is prohibited from serving as a
10.9 member of the charter school board of directors if the individual, an immediate family
10.10 member, or the individual's partner is an owner, employee or agent of, or a contractor
10.11 with a for-profit or nonprofit entity or individual with whom the charter school contracts,
10.12 directly or indirectly, for professional services, goods, or facilities. A violation of this
10.13 prohibition renders a contract voidable at the option of the commissioner or the charter
10.14 school board of directors. A member of a charter school board of directors who violates
10.15 this prohibition is individually liable to the charter school for any damage caused by
10.16 the violation.

10.17 (b) No member of the board of directors, employee, officer, or agent of a charter
10.18 school shall participate in selecting, awarding, or administering a contract if a conflict
10.19 of interest exists. A conflict exists when:

10.20 (1) the board member, employee, officer, or agent;

10.21 (2) the immediate family of the board member, employee, officer, or agent;

10.22 (3) the partner of the board member, employee, officer, or agent; or

10.23 (4) an organization that employs, or is about to employ any individual in clauses
10.24 (1) to (3),

10.25 has a financial or other interest in the entity with which the charter school is contracting.

10.26 A violation of this prohibition renders the contract void.

10.27 (c) Any employee, agent, or board member of the authorizer who participates
10.28 in the initial review, approval, ongoing oversight, evaluation, or the charter renewal or
10.29 nonrenewal process or decision is ineligible to serve on the board of directors of a school
10.30 chartered by that authorizer.

10.31 (d) An individual may serve as a member of the board of directors if no conflict of
10.32 interest under paragraph (a) exists.

10.33 (e) The conflict of interest provisions under this subdivision do not apply to
10.34 compensation paid to a teacher employed by the charter school who also serves as a
10.35 member of the board of directors.

11.1 (f) The conflict of interest provisions under this subdivision do not apply to a teacher
11.2 who provides services to a charter school through a cooperative formed under chapter
11.3 308A when the teacher also serves on the charter school board of directors.

11.4 Subd. 5. **Conversion of existing schools.** A board of an independent or special
11.5 school district may convert one or more of its existing schools to charter schools under
11.6 this section if 60 percent of the full-time teachers at the school sign a petition seeking
11.7 conversion. The conversion must occur at the beginning of an academic year.

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

11.14 (1) a declaration of the purposes in subdivision 1 that the school intends to carry out
11.15 and how the school will report its implementation of those purposes;

11.16 (2) a description of the school program and the specific academic and nonacademic
11.17 outcomes that pupils must achieve;

11.18 (3) a statement of admission policies and procedures;

11.19 (4) a governance, management, and administration plan for the school;

11.20 (5) signed agreements from charter school board members to comply with all
11.21 federal and state laws governing organizational, programmatic, and financial requirements
11.22 applicable to charter schools;

11.23 (6) the criteria, processes, and procedures that the authorizer will use for ongoing
11.24 oversight of operational, financial, and academic performance;

11.25 (7) the performance evaluation that is a prerequisite for reviewing a charter contract
11.26 under subdivision 15;

11.27 (8) types and amounts of insurance liability coverage to be obtained by the charter
11.28 school;

11.29 (9) a provision to indemnify and hold harmless the commissioner and the authorizer,
11.30 and their officers, agents, and employees from any suit, claim, or liability arising under
11.31 the contract or from the operation of the charter school;

11.32 (10) the term of the contract, which may be up to three years for an initial contract
11.33 plus an additional preoperational planning year, and up to five years for a renewed contract
11.34 if warranted by the school's academic, financial, and operational performance;

11.35 ~~(10)~~ (11) how the board of directors or the operators of the charter school will
11.36 provide special instruction and services for children with a disability under sections

12.1 125A.03 to 125A.24, and 125A.65, a description of the financial parameters within
12.2 which the charter school will operate to provide the special instruction and services to
12.3 children with a disability;

12.4 ~~(11)~~ (12) the process and criteria the authorizer intends to use to monitor and
12.5 evaluate the fiscal and student performance of the charter school, consistent with
12.6 subdivision 15; and

12.7 ~~(12)~~ (13) the plan for an orderly closing of the school under chapter ~~308A~~ or 317A,
12.8 if the closure is a termination for cause, a voluntary termination, or a nonrenewal of
12.9 the contract, and that includes establishing the responsibilities of the school board of
12.10 directors and the authorizer and notifying the commissioner, authorizer, school district in
12.11 which the charter school is located, and parents of enrolled students about the closure,
12.12 the transfer of student records to students' resident districts, and procedures for closing
12.13 financial operations.

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

12.16 (b) The charter school, with the assistance of the auditor conducting the audit, must
12.17 include with the report a copy of all charter school agreements for corporate management
12.18 services. If the entity that provides the professional services to the charter school is
12.19 exempt from taxation under section 501 of the Internal Revenue Code of 1986, that entity
12.20 must file with the commissioner by February 15 a copy of the annual return required under
12.21 section 6033 of the Internal Revenue Code of 1986.

12.22 (c) If the ~~commissioner receives an~~ audit report ~~indicating~~ finds that a material
12.23 weakness exists in the financial reporting systems of a charter school, the charter school
12.24 must submit a written report to the commissioner explaining how the material weakness
12.25 will be ~~resolved~~ mitigated. An entity, as a condition of providing financial services to a
12.26 charter school, must agree to make available information about a charter school's financial
12.27 audit to the commissioner upon request.

12.28 Subd. 7. **Public status; exemption from statutes and rules.** A charter school is
12.29 a public school and is part of the state's system of public education. A charter school is
12.30 exempt from all statutes and rules applicable to a school, school board, or school district
12.31 unless a statute or rule is made specifically applicable to a charter school or is included
12.32 in this section.

12.33 Subd. 8. **Federal, state, and local requirements.** (a) A charter school shall meet all
12.34 federal, state, and local health and safety requirements applicable to school districts.

12.35 (b) A school must comply with statewide accountability requirements governing
12.36 standards and assessments in chapter 120B.

13.1 (c) A school authorized by a school board may be located in any district, unless the
13.2 school board of the district of the proposed location disapproves by written resolution.

13.3 (d) A charter school must be nonsectarian in its programs, admission policies,
13.4 employment practices, and all other operations. An authorizer may not authorize a charter
13.5 school or program that is affiliated with a nonpublic sectarian school or a religious
13.6 institution. A charter school student must be released for religious instruction, consistent
13.7 with section 120A.22, subdivision 12, clause (3).

13.8 (e) Charter schools must not be used as a method of providing education or
13.9 generating revenue for students who are being home-schooled.

13.10 (f) The primary focus of a charter school must be to provide a comprehensive
13.11 program of instruction for at least one grade or age group from five through 18 years
13.12 of age. Instruction may be provided to people younger than five years and older than
13.13 18 years of age.

13.14 (g) A charter school may not charge tuition.

13.15 (h) A charter school is subject to and must comply with chapter 363A and section
13.16 121A.04.

13.17 (i) A charter school is subject to and must comply with the Pupil Fair Dismissal
13.18 Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee Law, sections
13.19 123B.34 to 123B.39.

13.20 (j) A charter school is subject to the same financial audits, audit procedures, and
13.21 audit requirements as a district. Audits must be conducted in compliance with generally
13.22 accepted governmental auditing standards, the federal Single Audit Act, if applicable,
13.23 and section 6.65. A charter school is subject to and must comply with sections 15.054;
13.24 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; 471.38; 471.391; 471.392; and
13.25 471.425. The audit must comply with the requirements of sections 123B.75 to 123B.83,
13.26 except to the extent deviations are necessary because of the program at the school.
13.27 Deviations must be approved by the commissioner and authorizer. The Department of
13.28 Education, state auditor, legislative auditor, or authorizer may conduct financial, program,
13.29 or compliance audits. A charter school determined to be in statutory operating debt under
13.30 sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

13.31 (k) A charter school is a district for the purposes of tort liability under chapter 466.

13.32 (l) A charter school must comply with chapters 13 and 13D; and sections 120A.22,
13.33 subdivision 7; 121A.75; and 260B.171, subdivisions 3 and 5.

13.34 (m) A charter school is subject to the Pledge of Allegiance requirement under
13.35 section 121A.11, subdivision 3.

14.1 (n) A charter school offering online courses or programs must comply with section
14.2 124D.095.

14.3 (o) A charter school and charter school board of directors are subject to chapter 181.

14.4 (p) A charter school must comply with section 120A.22, subdivision 7, governing
14.5 the transfer of students' educational records and sections 138.163 and 138.17 governing
14.6 the management of local records.

14.7 (q) A charter school that provides early childhood health and developmental
14.8 screening must comply with sections 121A.16 to 121A.19.

14.9 Subd. 8a. **Aid reduction.** The commissioner may reduce a charter school's state aid
14.10 under section 127A.42 or 127A.43 if the charter school board fails to correct a violation
14.11 under this section.

14.12 Subd. 8b. **Aid reduction for violations.** The commissioner may reduce a charter
14.13 school's state aid by an amount not to exceed 60 percent of the charter school's basic
14.14 revenue for the period of time that a violation of law occurs.

14.15 Subd. 9. **Admission requirements.** A charter school may limit admission to:

14.16 (1) pupils within an age group or grade level;

14.17 (2) pupils who are eligible to participate in the graduation incentives program under
14.18 section 124D.68; or

14.19 (3) residents of a specific geographic area in which the school is located when the
14.20 majority of students served by the school are members of underserved populations.

14.21 A charter school shall enroll an eligible pupil who submits a timely application,
14.22 unless the number of applications exceeds the capacity of a program, class, grade level, or
14.23 building. In this case, pupils must be accepted by lot. The charter school must develop
14.24 and publish a lottery policy and process that it must use when accepting pupils by lot.

14.25 A charter school shall give enrollment preference ~~for enrollment~~ to a sibling of an
14.26 enrolled pupil and to a foster child of that pupil's parents and may give preference for
14.27 enrolling children of the school's ~~teachers~~ staff before accepting other pupils by lot.

14.28 A charter school may not limit admission to pupils on the basis of intellectual ability,
14.29 measures of achievement or aptitude, or athletic ability and may not establish any criteria
14.30 or requirements for admission that are inconsistent with this subdivision.

14.31 The charter school shall not distribute any services or goods of value to students,
14.32 parents, or guardians as an inducement, term, or condition of enrolling a student in a
14.33 charter school.

14.34 Subd. 10. **Pupil performance.** A charter school must design its programs to at
14.35 least meet the outcomes adopted by the commissioner for public school students. In
14.36 the absence of the commissioner's requirements, the school must meet the outcomes

15.1 contained in the contract with the authorizer. The achievement levels of the outcomes
15.2 contained in the contract may exceed the achievement levels of any outcomes adopted by
15.3 the commissioner for public school students.

15.4 Subd. 11. **Employment and other operating matters.** (a) A charter school must
15.5 employ or contract with necessary teachers, as defined by section 122A.15, subdivision 1,
15.6 who hold valid licenses to perform the particular service for which they are employed in
15.7 the school. The charter school's state aid may be reduced under section 127A.43 if the
15.8 school employs a teacher who is not appropriately licensed or approved by the board of
15.9 teaching. The school may employ necessary employees who are not required to hold
15.10 teaching licenses to perform duties other than teaching and may contract for other services.
15.11 The school may discharge teachers and nonlicensed employees. The charter school board
15.12 is subject to section 181.932. When offering employment to a prospective employee, a
15.13 charter school must give that employee a written description of the terms and conditions
15.14 of employment and the school's personnel policies.

15.15 (b) A person, without holding a valid administrator's license, may perform
15.16 administrative, supervisory, or instructional leadership duties. The board of directors shall
15.17 establish qualifications for persons that hold administrative, supervisory, or instructional
15.18 leadership roles. The qualifications shall include at least the following areas: instruction
15.19 and assessment; human resource and personnel management; financial management;
15.20 legal and compliance management; effective communication; and board, authorizer, and
15.21 community relationships. The board of directors shall use those qualifications as the basis
15.22 for job descriptions, hiring, and performance evaluations of those who hold administrative,
15.23 supervisory, or instructional leadership roles. The board of directors and an individual
15.24 who does not hold a valid administrative license and who serves in an administrative,
15.25 supervisory, or instructional leadership position shall develop a professional development
15.26 plan. Documentation of the implementation of the professional development plan of these
15.27 persons shall be included in the school's annual report.

15.28 (c) The board of directors also shall decide matters related to the operation of the
15.29 school, including budgeting, curriculum and operating procedures.

15.30 Subd. 12. **Pupils with a disability.** A charter school must comply with sections
15.31 125A.02, 125A.03 to 125A.24, and 125A.65 and rules relating to the education of pupils
15.32 with a disability as though it were a district.

15.33 Subd. 13. **Length of school year.** A charter school must provide instruction
15.34 each year for at least the number of days required by section 120A.41. It may provide
15.35 instruction throughout the year according to sections 124D.12 to 124D.127 or 124D.128.

Subd. 14. **Annual public reports.** A charter school must publish an annual report approved by the board of directors. The annual report must at least include information on school enrollment, student attrition, governance and management, staffing, finances, academic performance, operational performance, innovative practices and implementation, and future plans. A charter school must distribute the annual report by publication, mail, or electronic means to the commissioner, authorizer, school employees, and parents and legal guardians of students enrolled in the charter school and must also post the report on the charter school's official Web site. The reports are public data under chapter 13.

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

(b) An authorizer shall monitor and evaluate the fiscal, operational, and student performance of the school, and may for this purpose annually assess a charter school a fee according to paragraph (c). The agreed-upon fee structure must be stated in the charter school contract.

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

- (1) the basic formula allowance for that year; or
- (2) the lesser of:
 - (i) the maximum fee factor times the basic formula allowance for that year; or
 - (ii) the fee factor times the basic formula allowance for that year times the charter school's adjusted marginal cost pupil units for that year. The fee factor equals .005 in fiscal year 2010, .01 in fiscal year 2011, .013 in fiscal year 2012, and .015 in fiscal years 2013 and later. The maximum fee factor equals 1.5 in fiscal year 2010, 2.0 in fiscal year 2011, 3.0 in fiscal year 2012, and 4.0 in fiscal years 2013 and later.

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

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

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

Subd. 16. **Transportation.** (a) A charter school after its first fiscal year of operation by March 1 of each fiscal year and a charter school by July 1 of its first fiscal year of

17.1 operation must notify the district in which the school is located and the Department of
17.2 Education if it will provide its own transportation or use the transportation services of the
17.3 district in which it is located for the fiscal year.

17.4 (b) If a charter school elects to provide transportation for pupils, the transportation
17.5 must be provided by the charter school within the district in which the charter school is
17.6 located. The state must pay transportation aid to the charter school according to section
17.7 124D.11, subdivision 2.

17.8 For pupils who reside outside the district in which the charter school is located, the
17.9 charter school is not required to provide or pay for transportation between the pupil's
17.10 residence and the border of the district in which the charter school is located. A parent
17.11 may be reimbursed by the charter school for costs of transportation from the pupil's
17.12 residence to the border of the district in which the charter school is located if the pupil is
17.13 from a family whose income is at or below the poverty level, as determined by the federal
17.14 government. The reimbursement may not exceed the pupil's actual cost of transportation
17.15 or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for
17.16 more than 250 miles per week.

17.17 At the time a pupil enrolls in a charter school, the charter school must provide the
17.18 parent or guardian with information regarding the transportation.

17.19 (c) If a charter school does not elect to provide transportation, transportation for
17.20 pupils enrolled at the school must be provided by the district in which the school is
17.21 located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a
17.22 pupil residing in the same district in which the charter school is located. Transportation
17.23 may be provided by the district in which the school is located, according to sections
17.24 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in a different
17.25 district. If the district provides the transportation, the scheduling of routes, manner and
17.26 method of transportation, control and discipline of the pupils, and any other matter relating
17.27 to the transportation of pupils under this paragraph shall be within the sole discretion,
17.28 control, and management of the district.

17.29 Subd. 17. **Leased space.** A charter school may lease space from an independent
17.30 or special school board eligible to be an authorizer, other public organization, private,
17.31 nonprofit nonsectarian organization, private property owner, or a sectarian organization
17.32 if the leased space is constructed as a school facility. The department must review and
17.33 approve or disapprove leases in a timely manner.

17.34 Subd. 17a. **Affiliated nonprofit building corporation.** (a) Before a charter school
17.35 may organize an affiliated nonprofit building corporation (i) to renovate or purchase an
17.36 existing facility to serve as a school or (ii) to construct a new school facility, an authorizer

18.1 must submit an affidavit to the commissioner for approval in the form and manner the
18.2 commissioner prescribes, and consistent with paragraphs (b) and (c) or (d).

18.3 (b) An affiliated nonprofit building corporation under this subdivision must:

18.4 (1) be incorporated under section 317A and comply with applicable Internal
18.5 Revenue Service regulations;

18.6 (2) submit to the commissioner each fiscal year a list of current board members
18.7 and a copy of its annual audit; and

18.8 (3) comply with government data practices law under chapter 13.

18.9 An affiliated nonprofit building corporation must not serve as the leasing agent for
18.10 property or facilities it does not own. A charter school that leases a facility from an
18.11 affiliated nonprofit building corporation that does not own the leased facility is ineligible
18.12 to receive charter school lease aid. The state is immune from liability resulting from a
18.13 contract between a charter school and an affiliated nonprofit building corporation.

18.14 (c) A charter school may organize an affiliated nonprofit building corporation to
18.15 renovate or purchase an existing facility to serve as a school if the charter school:

18.16 (1) has been operating for at least five consecutive school years ~~and the school's~~
18.17 ~~charter has been renewed for a five-year term;~~

18.18 (2) has had a net positive unreserved general fund balance as of June 30 in the
18.19 preceding five fiscal years;

18.20 (3) has a long-range strategic and financial plan;

18.21 (4) completes a feasibility study of available buildings; and

18.22 (5) documents ~~sustainable~~ enrollment projections and the need to use an affiliated
18.23 building corporation to renovate or purchase an existing facility to serve as a school.

18.24 (d) A charter school may organize an affiliated nonprofit building corporation to
18.25 construct a new school facility if the charter school:

18.26 (1) demonstrates the lack of facilities available to serve as a school;

18.27 (2) has been operating for at least eight consecutive school years;

18.28 (3) has had a net positive unreserved general fund balance as of June 30 in the
18.29 preceding eight fiscal years;

18.30 (4) completes a feasibility study of facility options;

18.31 (5) has a long-range strategic and financial plan that includes ~~sustainable~~ enrollment
18.32 projections and demonstrates the need for constructing a new school facility; and

18.33 (6) has a positive review and comment from the commissioner under section
18.34 123B.71.

18.35 Subd. 19. **Disseminate information.** (a) The authorizer, the operators, and the
18.36 department must disseminate information to the public on how to form and operate

19.1 a charter school. Charter schools must disseminate information about how to use
19.2 the offerings of a charter school. Targeted groups include low-income families and
19.3 communities, students of color, and students who are at risk of academic failure.

19.4 (b) Authorizers, operators, and the department also may disseminate information
19.5 about the successful best practices in teaching and learning demonstrated by charter
19.6 schools.

19.7 Subd. 20. **Leave to teach in a charter school.** If a teacher employed by a district
19.8 makes a written request for an extended leave of absence to teach at a charter school,
19.9 the district must grant the leave. The district must grant a leave not to exceed a total of
19.10 five years. Any request to extend the leave shall be granted only at the discretion of the
19.11 school board. The district may require that the request for a leave or extension of leave
19.12 be made before February 1 in the school year preceding the school year in which the
19.13 teacher intends to leave, or February 1 of the calendar year in which the teacher's leave is
19.14 scheduled to terminate. Except as otherwise provided in this subdivision and except for
19.15 section 122A.46, subdivision 7, the leave is governed by section 122A.46, including, but
19.16 not limited to, reinstatement, notice of intention to return, seniority, salary, and insurance.

19.17 During a leave, the teacher may continue to aggregate benefits and credits in the
19.18 Teachers' Retirement Association account under chapters 354 and 354A, consistent with
19.19 subdivision 22.

19.20 Subd. 21. **Collective bargaining.** Employees of the board of directors of a charter
19.21 school may, if otherwise eligible, organize under chapter 179A and comply with its
19.22 provisions. The board of directors of a charter school is a public employer, for the
19.23 purposes of chapter 179A, upon formation of one or more bargaining units at the school.
19.24 Bargaining units at the school must be separate from any other units within an authorizing
19.25 district, except that bargaining units may remain part of the appropriate unit within an
19.26 authorizing district, if the employees of the school, the board of directors of the school,
19.27 the exclusive representative of the appropriate unit in the authorizing district, and the
19.28 board of the authorizing district agree to include the employees in the appropriate unit of
19.29 the authorizing district.

19.30 Subd. 22. **Teacher and other employee retirement.** (a) Teachers in a charter
19.31 school must be public school teachers for the purposes of chapters 354 and 354a.

19.32 (b) Except for teachers under paragraph (a), employees in a charter school must be
19.33 public employees for the purposes of chapter 353.

19.34 Subd. 23. **Causes for nonrenewal or termination of charter school contract.** (a)
19.35 The duration of the contract with an authorizer must be for the term contained in the
19.36 contract according to subdivision 6. The authorizer may or may not renew a contract at

20.1 the end of the term for any ground listed in paragraph (b). An authorizer may unilaterally
20.2 terminate a contract during the term of the contract for any ground listed in paragraph (b).
20.3 At least 60 business days before not renewing or terminating a contract, the authorizer
20.4 shall notify the board of directors of the charter school of the proposed action in writing.
20.5 The notice shall state the grounds for the proposed action in reasonable detail and that the
20.6 charter school's board of directors may request in writing an informal hearing before the
20.7 authorizer within 15 business days of receiving notice of nonrenewal or termination of
20.8 the contract. Failure by the board of directors to make a written request for ~~a~~ an informal
20.9 hearing within the 15-business-day period shall be treated as acquiescence to the proposed
20.10 action. Upon receiving a timely written request for a hearing, the authorizer shall give ten
20.11 business days' notice to the charter school's board of directors of the hearing date. The
20.12 authorizer shall conduct an informal hearing before taking final action. The authorizer
20.13 shall take final action to renew or not renew a contract no later than 20 business days
20.14 before the proposed date for terminating the contract or the end date of the contract.

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

- 20.16 (1) failure to meet the requirements for pupil performance contained in the contract;
20.17 (2) failure to meet generally accepted standards of fiscal management;
20.18 (3) violations of law; or
20.19 (4) other good cause shown.

20.20 If a contract is terminated or not renewed under this paragraph, the school must be
20.21 dissolved according to the applicable provisions of chapter ~~308A~~ or 317A.

20.22 (c) If the authorizer and the charter school board of directors mutually agree to
20.23 terminate or not renew the contract, a ~~change in~~ transfer of authorizers is allowed if the
20.24 commissioner approves the transfer to a different eligible authorizer to authorize the
20.25 charter school. Both parties must jointly submit their intent in writing to the commissioner
20.26 to mutually terminate the contract. The authorizer that is a party to the existing contract
20.27 ~~at least~~ must inform the ~~approved different eligible~~ proposed authorizer about the fiscal
20.28 and operational status and student performance of the school. Before the commissioner
20.29 determines whether to approve a transfer of authorizer, the ~~commissioner first~~ proposed
20.30 authorizer must ~~determine whether the charter school and prospective new authorizer can~~
20.31 ~~identify and effectively resolve those circumstances causing the previous authorizer and~~
20.32 ~~the charter school to mutually agree to terminate the contract~~ identify and mitigate any
20.33 outstanding issues in the proposed charter contract that were unresolved in the previous
20.34 charter contract. If no transfer of authorizer is approved, the school must be dissolved
20.35 according to applicable law and the terms of the contract.

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

21.5 (1) ~~failure failed~~ to meet pupil performance requirements ~~contained in the contract~~
21.6 consistent with state law;

21.7 (2) displayed financial mismanagement or failure to meet generally accepted
21.8 standards of fiscal management; ~~or~~

21.9 (3) ~~repeated or major~~ committed multiple violations of the law; or

21.10 (4) committed a major violation of the law, including a violation of the Minnesota or
21.11 United States Constitution, among other major violations.

21.12 ~~(e) If the commissioner terminates a charter school contract under subdivision 3,~~
21.13 ~~paragraph (g), the commissioner shall provide the charter school with information about~~
21.14 ~~other eligible authorizers.~~

21.15 Subd. 23a. **Related party lease costs.** (a) A charter school is prohibited from
21.16 entering a lease of real property with a related party unless the lessor is a nonprofit
21.17 corporation under chapter 317A or a cooperative under chapter 308A, and the lease cost is
21.18 reasonable under section 124D.11, subdivision 4, clause (1).

21.19 (b) For purposes of this section and section 124D.11:

21.20 (1) "related party" means an affiliate or immediate relative of the other party in
21.21 question, an affiliate of an immediate relative, or an immediate relative of an affiliate;

21.22 (2) "affiliate" means a person that directly or indirectly, through one or more
21.23 intermediaries, controls, is controlled by, or is under common control with another person;

21.24 (3) "immediate family" means an individual whose relationship by blood, marriage,
21.25 adoption, or partnering is no more remote than first cousin;

21.26 (4) "person" means an individual or entity of any kind; and

21.27 (5) "control" means the ability to affect the management, operations, or policy
21.28 actions or decisions of a person, whether through ownership of voting securities, by
21.29 contract, or otherwise.

21.30 (c) A lease of real property to be used for a charter school, not excluded in paragraph
21.31 (a), must contain the following statement: "This lease is subject to Minnesota Statutes,
21.32 section 124D.10, subdivision 23a."

21.33 (d) If a charter school enters into as lessee a lease with a related party and the
21.34 charter school subsequently closes, the commissioner has the right to recover from the
21.35 lessor any lease payments in excess of those that are reasonable under section 124D.11,
21.36 subdivision 4, clause (1).

Subd. 24. **Pupil enrollment upon nonrenewal or termination of charter school contract.** If a contract is not renewed or is terminated according to subdivision 23, a pupil who attended the school, siblings of the pupil, or another pupil who resides in the same place as the pupil may enroll in the resident district or may submit an application to a nonresident district according to section 124D.03 at any time. Applications and notices required by section 124D.03 must be processed and provided in a prompt manner. The application and notice deadlines in section 124D.03 do not apply under these circumstances. The closed charter school must transfer the student's educational records within ten business days of closure to the student's school district of residence where the records must be retained or transferred under section 120A.22, subdivision 7.

Subd. 25. **Extent of specific legal authority.** (a) The board of directors of a charter school may sue and be sued.

(b) The board may not levy taxes or issue bonds.

(c) The commissioner, an authorizer, members of the board of an authorizer in their official capacity, and employees of an authorizer are immune from civil or criminal liability with respect to all activities related to a charter school they approve or authorize. The charter school shall assume full liability for its activities and indemnify and hold harmless the commissioner and the authorizer, and their officers, agents, and employees from any suit, claim, or liability arising under the contract or from the operation of the charter school. The board of directors shall obtain at least the amount of and types of insurance up to the applicable tort liability limits under chapter 466. The charter school board must submit a copy of the insurance policy to its authorizer and the commissioner before starting operations. The charter school board must ~~submit changes in its insurance carrier or policy to~~ notify its authorizer and the commissioner of a change in insurance carrier or policy amount limits within 20 business days of the change. A charter school is not required to indemnify or hold harmless a state employee if the state would not be required to indemnify and hold the employee harmless under section 3.736, subdivision 9.

Sec. 3. Minnesota Statutes 2010, section 124D.11, subdivision 9, is amended to read:

Subd. 9. **Payment of aids to charter schools.** (a) Notwithstanding section 127A.45, subdivision 3, aid payments for the current fiscal year to a charter school shall be of an equal amount on each of the 24 payment dates.

(b) Notwithstanding paragraph (a) and section 127A.45, for a charter school ceasing operation on or prior to June 30 of a school year, for the payment periods occurring after the school ceases serving students, the commissioner shall withhold the estimated state aid owed the school. The charter school board of directors and authorizer must submit to the

commissioner a closure plan under chapter 308A or 317A, and financial information about the school's liabilities and assets. After receiving the closure plan, financial information, an audit of pupil counts, documentation of lease expenditures, and monitoring of special education expenditures, the commissioner may release cash withheld and may continue regular payments up to the current year payment percentages if further amounts are owed. If, based on audits and monitoring, the school received state aid in excess of the amount owed, the commissioner shall retain aid withheld sufficient to eliminate the aid overpayment. For a charter school ceasing operations prior to, or at the end of, a school year, notwithstanding section 127A.45, subdivision 3, preliminary final payments may be made after receiving the closure plan, audit of pupil counts, monitoring of special education expenditures, documentation of lease expenditures, and school submission of Uniform Financial Accounting and Reporting Standards (UFARS) financial data for the final year of operation. Final payment may be made upon receipt of audited financial statements under section 123B.77, subdivision 3.

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

(d) If, within the timeline under section 471.425, a charter school fails to pay the state of Minnesota, a school district, intermediate school district, or service cooperative after receiving an undisputed invoice for goods and services, the commissioner may withhold an amount of state aid sufficient to satisfy the claim and shall distribute the withheld aid to the interested state agency, school district, intermediate school district, or service cooperative. An interested state agency, school district, intermediate school district, or education cooperative shall notify the commissioner when a charter school fails to pay an undisputed invoice within 75 business days of when it received the original invoice.

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

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

when submitting enrollment reports. A charter school in its fourth and subsequent year of operation must submit a school calendar and enrollment information to the department in the form and manner requested by the department.

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

(h) A charter school must have a valid, signed contract under section 124D.10, subdivision 6, on file at the department at least 15 days before the date the department makes the first state aid payment for the fiscal year.

Sec. 4. **TRANSITIONAL AUTHORIZER.**

(a) Notwithstanding other law to the contrary, an authorizer that chartered a school before August 1, 2009, and is ineligible to authorize a charter school under Minnesota Statutes, section 124D.10, subdivision 3, paragraph (c) or (f), after September 30, 2011, because:

- (1) the education commissioner did not approve the authorizer's application;
- (2) the authorizer did not apply to the commissioner for approval as an authorizer; or
- (3) the authorizer did not submit a timely application for approval as an authorizer
may continue to authorize that charter school until June 30, 2012.

(b) A charter school operating under a contract with an authorizer described in paragraph (a) after August 3, 2011, must enter into another charter school contract with an eligible approved authorizer by June 30, 2012, or cease operating. As a condition of continuing to authorize a charter school under this section, an authorizer under paragraph (a) must direct the charter school to notify the parents of students enrolled in the charter school within 14 days after the effective date of this section that the authorizer is currently able to continue to authorize the charter school only until June 30, 2012. A charter school that continues to operate after June 30, 2012, with an authorizer under paragraph (a) commits a major violation of law under Minnesota Statutes, section 124D.10, subdivision 23, paragraph (d), clause (4).

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