

1.1 A bill for an act

1.2 relating to education; providing for charter school financial services; amending  
1.3 Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 4.

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

1.5 Section 1. Minnesota Statutes 2009 Supplement, section 124D.10, subdivision 4,  
1.6 is amended to read:

1.7 Subd. 4. **Formation of school.** (a) An authorizer, after receiving an application from  
1.8 a school developer, may charter a licensed teacher under section 122A.18, subdivision  
1.9 1, or a group of individuals that includes one or more licensed teachers under section  
1.10 122A.18, subdivision 1, to operate a school subject to the commissioner's approval of the  
1.11 authorizer's affidavit under paragraph (b). The school must be organized and operated  
1.12 as a cooperative under chapter 308A or nonprofit corporation under chapter 317A and  
1.13 the provisions under the applicable chapter shall apply to the school except as provided  
1.14 in this section.

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

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

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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 cooperative under chapter 308A or as a nonprofit corporation under  
2.15 chapter 317A and must establish a board of directors composed of at least five members  
2.16 who are not related parties until a timely election for members of the ongoing charter  
2.17 school board of directors is held according to the school's articles and bylaws under  
2.18 paragraph (f). A charter school board of directors must be composed of at least five  
2.19 members who are not related parties. Staff members employed at the school, including  
2.20 teachers providing instruction under a contract with a cooperative, and all parents or legal  
2.21 guardians of children enrolled in the school are the voters eligible to elect the members  
2.22 of the school's board of directors. A charter school must notify eligible voters of the  
2.23 school board election dates at least 30 days before the election. Board of director meetings  
2.24 must comply with chapter 13D.

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

2.34 (f) Every charter school board member shall attend department-approved training  
2.35 on board governance, the board's role and responsibilities, employment policies and  
2.36 practices, and financial management. A board member who does not begin the required

3.1 training within six months of being seated and complete the required training within 12  
3.2 months of being seated on the board is ineligible to continue to serve as a board member.

3.3 (g) The ongoing board must be elected before the school completes its third year  
3.4 of operation. Board elections must be held during a time when school is in session. The  
3.5 charter school board of directors shall be composed of at least five nonrelated members  
3.6 and include: (i) at least one licensed teacher employed at the school or a licensed teacher  
3.7 providing instruction under a contract between the charter school and a cooperative; (ii) the  
3.8 parent or legal guardian of a student enrolled in the charter school; and (iii) an interested  
3.9 community member who is not employed by the charter school and does not have a  
3.10 child enrolled in the school. The board may be a teacher majority board composed of  
3.11 teachers described in this paragraph. The chief financial officer and the chief administrator  
3.12 are ex-officio nonvoting board members. Board bylaws shall outline the process and  
3.13 procedures for changing the board's governance model, consistent with chapter 317A. A  
3.14 board may change its governance model only:

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

3.18 (2) with the authorizer's approval.

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

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

3.23 (i) The granting or renewal of a charter school by an authorizer must not be  
3.24 contingent on the charter school being required to contract, lease, or purchase services  
3.25 from the authorizer. Any potential contract, lease, or purchase of service from an  
3.26 authorizer must be disclosed to the commissioner, accepted through an open bidding  
3.27 process, and be a separate contract from the charter contract. The school must document  
3.28 the open bidding process. An authorizer must not enter into a contract to provide  
3.29 management ~~and financial~~ services for a school that it authorizes, unless the school  
3.30 documents that it received at least two competitive bids. A charter school must contract  
3.31 with a Minnesota school district for financial services.

3.32 (j) An authorizer may permit the board of directors of a charter school to expand  
3.33 the operation of the charter school to additional sites or to add additional grades at the  
3.34 school beyond those described in the authorizer's original affidavit as approved by  
3.35 the commissioner only after submitting a supplemental affidavit for approval to the

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4.1 commissioner in a form and manner prescribed by the commissioner. The supplemental  
4.2 affidavit must show that:

4.3 (1) the expansion proposed by the charter school is supported by need and projected  
4.4 enrollment;

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

4.8 (3) the charter school is fiscally sound and has the financial capacity to implement  
4.9 the proposed expansion; and

4.10 (4) the authorizer finds that the charter school has the management capacity to  
4.11 carry out its expansion.

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

4.18 **EFFECTIVE DATE.** This section is effective for the 2010-2011 school year and  
4.19 thereafter.