

**SENATE  
STATE OF MINNESOTA  
NINETY-SECOND SESSION**

**S.F. No. 1694**

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DATE  
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680 Introduction and first reading  
Referred to Education Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act

1.2 relating to education; making policy and technical changes for charter school

1.3 provisions; amending Minnesota Statutes 2020, sections 124E.01, subdivision 1;

1.4 124E.02; 124E.05, subdivisions 2, 4, 5, 6; 124E.06, subdivision 1; 124E.07,

1.5 subdivisions 1, 2, 3, 4, 5, 6, 7; 124E.09; 124E.10, subdivisions 1, 4; 124E.11;

1.6 124E.12, subdivision 2; 124E.13, subdivision 3; 124E.14; 124E.16; 124E.17,

1.7 subdivision 1.

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

1.9 Section 1. Minnesota Statutes 2020, section 124E.01, subdivision 1, is amended to read:

1.10 Subdivision 1. **Goal and purposes.** ~~The primary purpose~~ goal of charter chartered public

1.11 schools is to improve all pupil the learning and all student, achievement, and success of all

1.12 students. Additional purposes include The purposes of chartered public schools are to:

1.13 (1) increase quality learning opportunities for all ~~pupils~~ students;

1.14 (2) encourage the use of different and innovative teaching methods;

1.15 (3) measure learning outcomes and create different and innovative forms of measuring

1.16 outcomes;

1.17 (4) establish new forms of accountability for schools; or

1.18 (5) create new professional opportunities for teachers, including the opportunity to be

1.19 responsible for the learning program at the school site.

1.20 A charter school must identify the purposes it will address in the charter contract and

1.21 document the implementation of those purposes in the school's annual report. Documentation

1.22 of the implementation of those purposes shall be a component of the authorizer's performance

1.23 review of the school.

Sec. 2. Minnesota Statutes 2020, section 124E.02, is amended to read:

**124E.02 DEFINITIONS.**

(a) For purposes of this chapter, the terms defined in this section have the meanings given them.

(b) "Affidavit" means a written statement the authorizer submits to the commissioner for approval to establish a charter school under section 124E.06, subdivision 4, attesting to its review and approval process before chartering a school.

(c) "Affiliate" means a person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another person.

(d) "Charter management organization" means any nonprofit or for-profit entity that contracts with a charter school board of directors to provide, manage, or oversee all or substantially all of a school's education program or a school's administrative, financial, business, or operational functions.

~~(d)~~ (e) "Control" means the ability to affect the management, operations, or policy actions or decisions of a person, whether by owning voting securities, by contract, or otherwise.

(f) "Educational management organization" means a nonprofit or for-profit entity that provides, manages, or oversees all or substantially all of the education program, or the school's administrative, financial, business, or operational functions.

~~(e)~~ (g) "Immediate family" means an individual whose relationship by blood, marriage, adoption, or partnership is no more remote than first cousin.

(h) "Market need and demand study" means a study that includes the following for the proposed locations of the school or additional site:

(1) current and projected demographic information of student populations in the geographic area;

(2) current student enrollment patterns in the geographic area;

(3) information on existing schools and types of educational programs currently available;

(4) documentation of the plan to do outreach to diverse and underrepresented populations;

(5) information on the availability of properly zoned and classified facilities; and

(6) quantification of existing demand for the new school, site expansion, or preschool program.

~~(f)~~ (i) "Person" means an individual or entity of any kind.

(g) (j) "Related party" means an affiliate or immediate relative of the other interested party, an affiliate of an immediate relative who is the other interested party, or an immediate relative of an affiliate who is the other interested party.

(h) (k) For purposes of this chapter, the terms defined in section 120A.05 have the same meanings.

Sec. 3. Minnesota Statutes 2020, section 124E.05, subdivision 2, is amended to read:

Subd. 2. ~~Requirements for authorizers~~ Role, responsibilities, and requirements of authorizers. ~~The authorizer must participate in department-approved training.~~ (a) The role of an authorizer is to ensure that a school has autonomy, fulfills the goal and purposes of a chartered public school, and is accountable to the agreed upon terms of the charter school contract in order to safeguard quality educational opportunities for students and maintain public trust and confidence.

(b) An authorizer has the following responsibilities:

(1) review applications for new schools, including grade and site expansions and transfers of current schools, and determine whether to approve or deny the application based on the authorizer's approved criteria;

(2) negotiate and execute the performance charter contracts with the schools it authorizes;

(3) conduct ongoing monitoring, oversight, and evaluation of the school's academic, operational, and financial performance commensurate with the school's circumstances during the term of the charter contract; and

(4) evaluate the academic, operational, and financial performance of the school as defined in the charter contract prior to the end of the contract to determine the renewal, nonrenewal, or termination of the contract.

(c) The commissioner may not require an authorizer to undertake a role or responsibility beyond those in statute or the charter contract or perform any function that the department exercises in relation to a public school, school board, or school district.

(d) The authorizer must document in the annual income and expenditure report under subdivision 8 the completion of competency-based training by its staff and consultants during the previous year on the charter school law and the authorizer's role or responsibilities.

Sec. 4. Minnesota Statutes 2020, section 124E.05, subdivision 4, is amended to read:

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

(1) how the organization carries out its mission by chartering schools;

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

(3) the application and review process the authorizer uses to decide whether to grant charters;

(4) the type of contract it arranges with the schools it charters to meet the provisions of section 124E.10;

(5) the process for overseeing the school, consistent with clause (4), to ensure that the schools chartered comply with applicable law and rules and the contract;

(6) the criteria and process the authorizer uses to approve applications adding grades or sites under section 124E.06, subdivision 5; and

(7) the process for renewing or terminating the school's charter based on evidence showing 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.

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

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

Sec. 5. Minnesota Statutes 2020, section 124E.05, subdivision 5, is amended to read:

Subd. 5. **Review by commissioner.** (a) The commissioner shall review an authorizer's performance every five years in a manner and form determined by the commissioner, subject to paragraphs (b) and (c), and may review an authorizer's performance more frequently at the commissioner's own initiative or at the request of a charter school ~~operator~~ administrator,

5.1 school employee, charter school board member of directors, or other interested party. The  
5.2 commissioner, after completing the review, shall transmit a report with findings to the  
5.3 authorizer and the schools authorized by the authorizer.

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

5.5 ~~(1) use criteria appropriate to the authorizer and the schools it charters to review the~~  
5.6 ~~authorizer's performance; and~~

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

5.9 (1) develop the form and manner of the performance review system in consultation with  
5.10 authorizers, school administrators, charter school boards of directors, and other charter  
5.11 school stakeholders;

5.12 (2) publish the form and manner of the authorizer performance review process at least  
5.13 12 months before the beginning of the review cycle;

5.14 (3) base the performance review system on authorizer roles and responsibilities in  
5.15 subdivision 2 and section 124E.10;

5.16 (4) base an authorizer's performance review on adherence to and implementation of the  
5.17 authorizer's policies, procedures, and processes approved by the commissioner;

5.18 (5) base an authorizer's performance review on the authorizer's self-assessment and input  
5.19 from the school administrators, charter school boards of directors, and other charter school  
5.20 stakeholders who interact with the authorizer;

5.21 (6) base an authorizer's performance review on the full period since the last review; and

5.22 (7) develop and maintain a portfolio of all reports and data submitted to the department  
5.23 since the last review to minimize any duplicative submission and reporting of information  
5.24 for the review.

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

5.28 (1) fail to credit; or

5.29 (2) withhold points; ~~or~~ or

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

(d) Consistent with this subdivision, the commissioner must not penalize an authorizer for:

(1) not chartering additional schools or for the absence of complaints against an authorizer or an authorizer's portfolio of schools;

(2) missing a submission deadline, except if there is a documented pattern of failing to meet submission deadlines; or

(3) not undertaking a role or responsibility beyond those defined in this section, the charter contract, or the authorizer's approved policies, procedures, or processes.

Sec. 6. Minnesota Statutes 2020, section 124E.05, subdivision 6, is amended to read:

Subd. 6. **Corrective action.** (a) If, consistent with this chapter, the commissioner finds that an authorizer has not met the requirements of this chapter, the commissioner may subject the authorizer to a corrective action plan, which may must include terminating the contract with the charter school board of directors of a school it chartered. specific deadlines no longer than 130 business days. During the period when an authorizer is subject to a corrective action plan, the commissioner may:

(1) prohibit the authorizer from accepting a transfer application from a charter school; and

(2) prohibit the authorizer from accepting an application to establish a charter school.

(b) The commissioner must notify the authorizer in writing of any findings of deficiencies 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 may assist the charter school in acquiring a new authorizer. The commissioner must hold a hearing within 15 business days of a request. If the deficiencies are not resolved at an informal hearing, the authorizer must address unresolved deficiencies and submit a response within 45 business days. The commissioner must review the response and notify the authorizer of any outstanding deficiencies within 20 business days. The authorizer must address and correct those deficiencies within 20 business days. The commissioner must determine if the authorizer's changes are sufficient to take corrective action. If no corrective action is taken by the authorizer within 130 business days, the charter school's board of directors may submit to the commissioner a request to transfer to a new authorizer without the approval or consent of the current authorizer.

7.1 ~~(b)~~ (c) The commissioner may at any time take corrective action against an authorizer,  
7.2 including terminating an authorizer's ability to charter a school, terminating a contract with  
7.3 a charter school, and other sanctions the commissioner deems appropriate for:

7.4 (1) failing to demonstrate the criteria under subdivision 3 under which the commissioner  
7.5 approved the authorizer;

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

7.8 (3) unsatisfactory performance as an approved authorizer; ~~or~~

7.9 (4) any good cause shown that gives the commissioner a legally sufficient reason to take  
7.10 corrective action against an authorizer; or

7.11 (5) failing to meet the terms of a corrective action plan by the specified deadline.

7.12 (d) The commissioner must assist a charter school with a terminated contract in acquiring  
7.13 a new authorizer.

7.14 Sec. 7. Minnesota Statutes 2020, section 124E.06, subdivision 1, is amended to read:

7.15 Subdivision 1. **Individuals eligible to organize.** (a) An authorizer, after receiving an  
7.16 application from a charter school developer, may charter either a licensed teacher under  
7.17 section 122A.18, subdivision 1, or a group of individuals that includes one or more licensed  
7.18 teachers under section 122A.18, subdivision 1, to operate a school subject to the  
7.19 commissioner's approval of the authorizer's affidavit under subdivision 4.

7.20 (b) "Application" under this section means the charter school business plan a charter  
7.21 school developer submits to an authorizer for approval to establish a charter school. This  
7.22 application must include:

7.23 (1) ~~the school developer's~~ proposed school's:

7.24 (i) ~~mission statement~~ and vision statements;

7.25 (ii) ~~school~~ purposes and goals;

7.26 (iii) educational program design and how the program will improve student learning,  
7.27 success, and achievement;

7.28 (iv) plan to address the social and emotional learning needs of students and student  
7.29 support services;

7.30 (v) plan to provide special education management and services;

- (vi) plan for staffing the school with appropriately qualified and licensed personnel;
- ~~(iv)~~ (vii) multi-year financial plan;
- ~~(v)~~ (viii) governance structure and management structure plan; and
- ~~(vi) background and experience;~~
- (ix) market need and demand study; and
- (x) plan for ongoing outreach and dissemination of information about the school's offerings and enrollment procedure to families that reflect the diversity of Minnesota's population and to targeted groups under section 124E.17, subdivision 1, paragraph (a);
- (2) the school developer's experience and background, including criminal history and bankruptcy background checks;
- ~~(2)~~ (3) any other information the authorizer requests; and
- ~~(3)~~ (4) a "statement of assurances" of legal compliance prescribed by the commissioner.

(c) An authorizer shall not approve an application submitted by a charter school developer under paragraph (a) if the application does not comply with subdivision 3, paragraph (e), and section 124E.01, subdivision 1. The commissioner shall not approve an affidavit submitted by an authorizer under subdivision 4 if the affidavit does not comply with subdivision 3, paragraph (e), and section 124E.01, subdivision 1.

Sec. 8. Minnesota Statutes 2020, section 124E.07, subdivision 1, is amended to read:

Subdivision 1. **Initial board of directors.** Before entering into a contract or other agreement for professional or other services, goods, or facilities, the operators authorized to organize and operate a school must establish a board of directors composed of at least five members ~~who are not related parties.~~ The initial board members must not be related parties. The initial board continues to serve until a timely election for members of the ongoing charter school board of directors is held according to the school's articles and bylaws under subdivision 4. The initial board of directors and school developers must comply with the training requirements in subdivision 7 upon the incorporation of the school.

Sec. 9. Minnesota Statutes 2020, section 124E.07, subdivision 2, is amended to read:

Subd. 2. **Ongoing board of directors.** ~~The ongoing board must be elected before the school completes its third year of operation.~~ The ongoing board must begin to be elected by the end of the first year of operation and be completed by the end of the third year of operation. The terms of board members shall begin on July 1. A term shall be at least two



years. The bylaws shall establish the length of the term and the number of terms an individual may serve on the board or as an officer of the board. Board elections must be held during the school year but may not be conducted on days when the school is closed.

Sec. 10. Minnesota Statutes 2020, section 124E.07, subdivision 3, is amended to read:

Subd. 3. **Membership criteria.** (a) The ongoing charter school board of directors shall have at least five ~~nonrelated~~ members ~~and include~~. The board members must not be related. The ongoing board members must include: (1) at least one licensed teacher, school counselor, social worker licensed by the Professional Educator Licensing and Standards Board who provides direct instruction to students and who is employed by a school as a teacher at the school or provides instruction, or social worker who provides direct services for at least 80 percent of their schedule or is under contract between the charter school and a teacher cooperative; (2) at least one parent or legal guardian of a student enrolled in the charter school who is not an employee of the charter school; and (3) at least one interested community member who resides in Minnesota, is not employed by the charter school, and does not have a child enrolled in the school. The board structure must be defined in the bylaws. The board structure may include be: (1) a majority of teachers under this paragraph or; (2) a majority of parents or; (3) a majority of community members; or it may (4) have no clear majority. The chief financial officer and the chief administrator may only serve as an ex-officio nonvoting board members member. No charter school employees shall serve on the board other than teachers under clause (1). Contractors providing facilities, goods, or services to a charter school shall not serve on the board of directors of the charter school.

(b) An individual is prohibited from serving as a member of the charter school board of directors if: (1) the individual, an immediate family member, or the individual's partner is a full or part owner or principal with a for-profit or nonprofit entity or independent contractor with whom the charter school contracts, directly or indirectly, for professional services, goods, or facilities; or (2) an immediate family member is an employee of the school. An individual may serve as a member of the board of directors if no conflict of interest exists under this paragraph, consistent with this section. An individual is prohibited from serving on more than one charter school board at the same time.

(c) A violation of paragraph (b) renders a contract voidable at the option of the commissioner or the charter school board of directors. A member of a charter school board of directors who violates paragraph (b) is individually liable to the charter school for any damage caused by the violation.

(d) Any employee, agent, or board member of the authorizer who participates in initially reviewing, approving, overseeing, evaluating, renewing, or not renewing the charter school is ineligible to serve on the board of directors of a school chartered by that authorizer.

Sec. 11. Minnesota Statutes 2020, section 124E.07, subdivision 4, is amended to read:

Subd. 4. **Board structure.** Board bylaws shall outline the process and procedures for changing the board's governance structure, consistent with chapter 317A. A board may change its governance structure only:

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

(2) by a majority vote of the licensed teachers employed by the school as teachers who provide instruction to students, including licensed teachers providing instruction under a contract between the school and a cooperative; and

~~(2)~~ (3) with the authorizer's approval.

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

Sec. 12. Minnesota Statutes 2020, section 124E.07, subdivision 5, is amended to read:

Subd. 5. ~~Eligible voters~~ **Board elections.** (a) Staff members employed at by the school, including teachers providing instruction under a contract with a cooperative, members of the board of directors, and all parents or legal guardians of children enrolled in the school are the voters eligible to elect the members of the school's board of directors. A charter school must notify eligible voters of the school board election dates at least 30 days before the election.

(b) The board of directors must establish and publish election policies and procedures on the school's website.

(c) The board of directors must notify eligible voters of the school board election dates and voting procedures at least 30 calendar days before the election and post this information on the school's website.

(d) The board of directors must notify eligible voters of the candidates' names, biographies, and candidate statements at least ten calendar days before the election and post this information on the school's website.

11.1 Sec. 13. Minnesota Statutes 2020, section 124E.07, subdivision 6, is amended to read:

11.2 Subd. 6. **Duties.** (a) The board of directors also shall decide and is responsible for all  
11.3 decision making on policy matters related to operating the school, including budgeting,  
11.4 curriculum programming, personnel, and operating procedures. The board shall adopt a  
11.5 nepotism policy. The board shall must adopt personnel evaluation policies and practices  
11.6 that, at a minimum:

11.7 (1) carry out the school's mission and goals;

11.8 (2) evaluate how charter contract goals and commitments are executed;

11.9 (3) evaluate student achievement, postsecondary and workforce readiness, and student  
11.10 engagement and connection goals;

11.11 (4) establish a teacher evaluation process under section 124E.03, subdivision 2, paragraph  
11.12 (h); and

11.13 (5) provide professional development related to the individual's job responsibilities.

11.14 (b) The board must adopt a nepotism policy that prohibits the employment of immediate  
11.15 family members of a board member, a school employee, or a teacher who provides instruction  
11.16 under a contract between the charter school and a cooperative. The board may waive this  
11.17 policy if: (1) the position is publicly posted for 20 business days; and (2) a two-thirds  
11.18 majority of the board of directors vote to approve the hiring. A board member, school  
11.19 employee, or teacher under contract with a cooperative must not be involved in an interview,  
11.20 selection process, hiring, supervision, or evaluation of an employee who is an immediate  
11.21 family member.

11.22 Sec. 14. Minnesota Statutes 2020, section 124E.07, subdivision 7, is amended to read:

11.23 Subd. 7. **Training.** ~~Every charter school board member shall attend annual training~~  
11.24 ~~throughout the member's term. All new board members shall attend initial training on the~~  
11.25 ~~board's role and responsibilities, employment policies and practices, and financial~~  
11.26 ~~management. A new board member who does not begin the required initial training within~~  
11.27 ~~six months after being seated and complete that training within 12 months after being seated~~  
11.28 ~~is automatically ineligible to continue to serve as a board member. The school shall include~~  
11.29 ~~in its annual report the training each board member attended during the previous year. (a)~~  
11.30 Every voting charter school board member and nonvoting ex-officio member shall attend  
11.31 board training.

12.1 (b) Prior to a board term that begins on July 1, or within three months of being seated  
12.2 on the board to fill a vacancy, a new board member must complete training on a charter  
12.3 school board's role and responsibilities, open meeting law, and data practices law. An  
12.4 ex-officio member must complete this training within three months of starting employment  
12.5 at the school.

12.6 (c) A new board member must complete training on employment policies and practices  
12.7 under chapter 181; public school funding and financial management; and the board's roles  
12.8 and responsibilities regarding student success, achievement, and performance within 12  
12.9 months of being seated on the board or the individual is automatically ineligible to continue  
12.10 to serve as a board member. A board member who does not complete training within the  
12.11 12-month period is ineligible to be elected or appointed to a charter school board for a period  
12.12 of 18 months.

12.13 (d) Every charter school board member must complete annual training modules  
12.14 throughout the member's term based on an annual assessment of the training needs of  
12.15 individual members and the full board. Ongoing training modules include but are not limited  
12.16 to: budgeting, financial management, recruiting and hiring a charter school director,  
12.17 evaluating a charter school director, governance-management relationships, student support  
12.18 services, student fair dismissal, state standards, cultural diversity, succession planning,  
12.19 strategic planning, program oversight and evaluation, compensation systems, human resources  
12.20 policies, effective parent and community relationships, authorizer contract and relationships,  
12.21 charter school law, legal liability, board recruitment and elections, board meetings and  
12.22 operations, policy development and review, and school health and safety.

12.23 (e) The organization or person providing training under paragraphs (b), (c), and (d) must  
12.24 certify the individual's completion of the training provided.

12.25 (f) The charter school is responsible for covering the costs related to board training. The  
12.26 charter school must include in its annual report the training each board member completed  
12.27 during the previous year.

12.28 (g) The board must ensure that an annual assessment of the board's performance is  
12.29 conducted and the results are reported in the school's annual report.

12.30 Sec. 15. Minnesota Statutes 2020, section 124E.09, is amended to read:

12.31 **124E.09 EXTENT OF SPECIFIC LEGAL AUTHORITY.**

12.32 (a) The board of directors of a charter school may sue and be sued.

12.33 (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 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 before starting operations. The charter school board must submit changes in its insurance carrier or policy to its authorizer within 20 business days of the change.

(d) Notwithstanding section 3.736, the charter school shall assume full liability for its activities and indemnify and hold harmless the authorizer and its officers, agents, and employees from any suit, claim, or liability arising from any operation of the charter school and the commissioner and department officers, agents, and employees. 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.

(e) The board of directors may enter into joint powers agreements with organizations under section 471.59, subdivision 1, or with other charter schools for the purposes of providing special education services.

Sec. 16. Minnesota Statutes 2020, section 124E.10, subdivision 1, is amended to read:

Subdivision 1. **Contents.** (a) To authorize a charter school, the authorizer and the charter school board of directors must sign a written contract within 45 business days of the commissioner's approval of the authorizer's affidavit. The authorizer shall submit a copy of the charter contract to the commissioner within ten business days after the contract is signed by the contracting parties. The contract must include at least the following:

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

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

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

(4) a statement of admission policies and procedures;

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

14.1 (6) signed agreements from charter school board members to comply with the federal  
14.2 and state laws governing organizational, programmatic, and financial requirements applicable  
14.3 to charter schools;

14.4 (7) the criteria, processes, and procedures the authorizer will use to monitor and evaluate  
14.5 the fiscal, operational, and academic performance, consistent with subdivision 3, paragraphs  
14.6 (a) and (b);

14.7 (8) for contract renewal, the formal written performance evaluation that is a prerequisite  
14.8 for reviewing a charter contract under subdivision 3;

14.9 (9) types and amounts of insurance liability coverage the charter school must obtain,  
14.10 consistent with section 124E.03, subdivision 2, paragraph (d);

14.11 (10) consistent with section 124E.09, paragraph (d), a provision to indemnify and hold  
14.12 harmless from any suit, claim, or liability arising from any charter school operation:

14.13 (i) the authorizer and its officers, agents, and employees; and

14.14 (ii) notwithstanding section 3.736, the commissioner and department officers, agents,  
14.15 and employees;

14.16 (11) the term of the contract, which, for an initial contract, may be up to five years plus  
14.17 a preoperational planning period, or for a renewed contract or a contract with a new authorizer  
14.18 after a transfer of authorizers, may be up to five years, if warranted by the school's academic,  
14.19 financial, and operational performance;

14.20 (12) how the charter school board of directors or the charter school operators will provide  
14.21 special instruction and services for children with a disability under sections 125A.03 to  
14.22 125A.24, and 125A.65, and a description of the financial parameters within which the charter  
14.23 school will provide the special instruction and services to children with a disability;

14.24 (13) the specific conditions for contract renewal that identify the performance of all  
14.25 students under the primary purpose of section 124E.01, subdivision 1, as the most important  
14.26 factor in determining whether to renew the contract; ~~and~~

14.27 (14) the additional purposes under section 124E.01, subdivision 1, and related  
14.28 performance obligations under clause (7) contained in the charter contract as additional  
14.29 factors in determining whether to renew the contract; and

14.30 (15) how the charter school will conduct ongoing outreach and dissemination of  
14.31 information about the school's offerings and enrollment procedure to families that reflect

15.1 the diversity of Minnesota's population and to targeted groups under section 124E.17,  
15.2 subdivision 1, paragraph (a).

15.3 (b) In addition to the requirements of paragraph (a), the charter contract must contain  
15.4 the plan for an orderly closing of the school under chapter 317A, that establishes the  
15.5 responsibilities of the school board of directors and the authorizer, whether the closure is a  
15.6 termination for cause, a voluntary termination, or a nonrenewal of the contract. The plan  
15.7 must establish who is responsible for:

15.8 (1) notifying the commissioner, school district in which the charter school is located,  
15.9 and parents of enrolled students about the closure;

15.10 (2) providing parents of enrolled students information and assistance to enable the student  
15.11 to re-enroll in another school;

15.12 (3) transferring student records under section 124E.03, subdivision 5, paragraph (b), to  
15.13 the student's resident school district; and

15.14 (4) closing financial operations.

15.15 (c) A charter school must design its programs to at least meet the outcomes adopted by  
15.16 the commissioner for public school students, including world's best workforce goals under  
15.17 section 120B.11, subdivision 1. In the absence of the commissioner's requirements governing  
15.18 state standards and benchmarks, the school must meet the outcomes contained in the contract  
15.19 with the authorizer. The achievement levels of the outcomes contained in the contract may  
15.20 exceed the achievement levels of any outcomes adopted by the commissioner for public  
15.21 school students.

15.22 (d) A charter school contract for a charter school with at least 70 percent of enrolled  
15.23 students eligible to participate in the graduation incentives program under section 124D.68  
15.24 must include innovative academic, college, and workforce readiness measures and student  
15.25 engagement accountability measures that assist students in meeting achievement levels.

15.26 Sec. 17. Minnesota Statutes 2020, section 124E.10, subdivision 4, is amended to read:

15.27 Subd. 4. **Causes for nonrenewal or termination of charter school contract.** (a) The  
15.28 duration of the contract with an authorizer must be for the term contained in the contract  
15.29 according to subdivision 1, paragraph (a). A charter school board of directors must formally  
15.30 submit a request to renew the contract with the authorizer by the date set forth in the charter  
15.31 contract. A charter school board of directors that does not submit a request for renewal,  
15.32 mutual nonrenewal, or transfer of authorizer must cease operation at the end of the current  
15.33 contract.

(b) The authorizer may or may not renew a contract at the end of the term for any ground listed in paragraph ~~(b)~~ (c). An authorizer may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph ~~(b)~~ (c). At least 60 business days before not renewing or terminating a contract, the authorizer shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and describe the informal hearing process, consistent with this paragraph. The charter school's board of directors may request in writing an informal hearing before the authorizer within 15 business days after receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for an informal hearing within the 15-business-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing open to the public, the authorizer shall give ten business days' notice to the charter school's board of directors of the hearing date. The hearing must be recorded by video or a court reporter. The recording must be preserved for three years from the date of the final decision of the authorizer and made available to the public. The authorizer shall conduct an informal hearing before taking final action. The authorizer shall take final action to renew or not renew a contract no later than 20 business days before the proposed date for terminating the contract or the end date of the contract.

~~(b)~~ (c) An authorizer may terminate or not renew a contract upon any of the following grounds:

(1) failure to demonstrate satisfactory academic achievement for all students, including the requirements for pupil performance contained in the contract;

(2) failure to meet generally accepted standards of fiscal management;

(3) violations of law; or

(4) other good cause shown.

If the authorizer terminates or does not renew a contract under this paragraph, the school must be dissolved according to the applicable provisions of chapter 317A.

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

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



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

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

17.4 Sec. 18. Minnesota Statutes 2020, section 124E.11, is amended to read:

17.5 **124E.11 ADMISSION REQUIREMENTS AND ENROLLMENT.**

17.6 (a) A charter school, including its preschool or prekindergarten program established  
17.7 under section 124E.06, subdivision 3, paragraph (b), may limit admission to:

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

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

17.11 (3) residents of a specific geographic area defined in the charter in which the school is  
17.12 located when the majority of students ~~served by the school~~ that reside in that area are  
17.13 members of underserved populations.

17.14 (b) A charter school, including its preschool or prekindergarten program established  
17.15 under section 124E.06, subdivision 3, paragraph (b), ~~shall~~ must enroll an eligible pupil who  
17.16 submits a timely application, unless the number of applications exceeds the capacity of a  
17.17 program, class, grade level, or building. In this case, pupils must be accepted by lot. The  
17.18 charter school must develop and publish, including on its website, a lottery policy and  
17.19 process that it must use when accepting pupils by lot. The lottery must be held at an open  
17.20 public meeting that facilitates attendance of potential families.

17.21 (c) A charter school ~~shall~~ must give enrollment preference to a sibling of an enrolled  
17.22 pupil and to a foster child of that pupil's parents and may give preference for enrolling  
17.23 children of the school's staff who are eligible for employment benefits before accepting  
17.24 other pupils by lot. A charter school that is located in Duluth township in St. Louis County  
17.25 and admits students in kindergarten through grade 6 must give enrollment preference to  
17.26 students residing within a five-mile radius of the school and to the siblings of enrolled  
17.27 children. A charter school may give enrollment preference to children currently enrolled in  
17.28 the school's free preschool or prekindergarten program under section 124E.06, subdivision  
17.29 3, paragraph (b), who are eligible to enroll in kindergarten in the next school year.

17.30 (d) A ~~person shall~~ child must not be admitted to a charter school (1) as a kindergarten  
17.31 pupil, unless the pupil is at least five years of age on September 1 of the calendar year in  
17.32 which the school year for which the pupil seeks admission commences; or (2) as a first

grade student, unless the pupil is at least six years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences or has completed kindergarten; except that a charter school may establish and publish on its website a policy for admission of selected pupils at an earlier age, consistent with the enrollment process in paragraphs (b) and (c).

(e) Except as permitted in paragraph (d), a charter school, including its preschool or prekindergarten program established under section 124E.06, subdivision 3, paragraph (b), may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability and may not establish any criteria or requirements for admission that are inconsistent with this section.

(f) The charter school ~~shall~~ or any agent of the school must not distribute any services ~~or~~ goods, payments, or other incentives of value to students, parents, or guardians as an inducement, term, or condition of enrolling a student in a charter school.

(g) Once a student is enrolled in the school, the student is considered enrolled in the school until the ~~student formally withdraws~~ school receives a request for the transfer of educational records from another school, or written election by the parent or legal guardian of the withdrawing student, or is expelled under the Pupil Fair Dismissal Act in sections 121A.40 to 121A.56.

(h) A charter school with at least 90 percent of enrolled students who are eligible for special education services and have a primary disability of deaf or hard-of-hearing may enroll prekindergarten pupils with a disability under section 126C.05, subdivision 1, paragraph (a), and must comply with the federal Individuals with Disabilities Education Act under Code of Federal Regulations, title 34, section 300.324, subsection (2), clause (iv).

Sec. 19. Minnesota Statutes 2020, section 124E.12, subdivision 2, is amended to read:

Subd. 2. **Administrators.** ~~(a) A person, without holding a valid administrator's license, may perform administrative, supervisory, or instructional leadership duties. The board of directors shall establish qualifications for all persons who hold administrative, supervisory, or instructional leadership roles. The qualifications shall cover at least: instruction and assessment; human resource and personnel management; financial management; legal and compliance management; effective communication; and board, authorizer, and community relationships. The board of directors shall use those qualifications as the basis for job descriptions, hiring, and performance evaluations of those who hold administrative, supervisory, or instructional leadership roles.~~

~~(b) The board of directors and an individual who does not hold a valid administrative license and who serves in an administrative, supervisory, or instructional leadership position shall develop a professional development plan. The school's annual report must include public personnel information documenting the professional development plan.~~

(a) A charter school board of directors must establish qualifications for all persons who hold administrative, supervisory, or instructional leadership positions. The qualifications must include a requirement that a person hold a minimum of a four-year degree from an accredited institution. Other qualifications for these positions shall include as appropriate for the specific position: instruction and assessment, curriculum design, human resource and personnel management, professional ethics, child development, financial management, legal and compliance management, special education oversight, contract management, effective communication, cultural competency, board and authorizer relationships, parent relationships, and community partnerships. A charter school board of directors must use those qualifications as the basis for the job description, hiring, and performance evaluation of the charter school director. The charter school director must use those qualifications as the basis for the job descriptions, hiring, and performance review for the administrative, supervisory, and instructional leaders who report to the charter school director.

(b) A person who does not hold a valid administrator's license may perform administrative, supervisory, or instructional leadership duties. A person without a valid administrator's license must complete a minimum of 25 hours annually of competency-based training modules corresponding to the individual's annual professional development needs and plan approved by the charter school board of directors. Training modules include but are not limited to: instruction and curriculum; state standards; teacher and staff hiring, development, support, and evaluation; social-emotional learning; data collection and usage; assessment methodologies; use of technology for learning and management; charter school law and requirements; code of professional ethics; financial management and state accounting requirements; grant management; legal and compliance management; special education management; health and safety laws; restorative justice; cultural competencies; effective communication; parent relationships; board and management relationships; community partnerships; charter contract and authorizer relationships; and public accountability.

(c) A person serving as a new charter school director with a valid administrator's license must complete a minimum of ten hours of competency-based training during their first year of employment on the following: charter school law and requirements, board and management relationships, and charter contract and authorizer relationships.

(d) The training a person must complete under paragraphs (b) and (c) may not be self-instructional. The organization or instructor providing the training must certify completion of the training. The person must submit the certification of completion of training to the charter school board of directors and certifications must be maintained in the personnel file. Completion of requisite training must be a component of annual performance evaluations.

(e) A charter school's annual report must document the school director's professional development training completed in the previous academic year.

(f) No charter school administrator may serve as a paid administrator or consultant with another charter school without the knowledge and a two-thirds vote of approval of the boards of directors of the charter schools involved in such an arrangement. The boards of directors involved in such arrangements must send notice of this arrangement to authorizers upon approval by the boards.

Sec. 20. Minnesota Statutes 2020, section 124E.13, subdivision 3, is amended to read:

Subd. 3. **Affiliated nonprofit building corporation.** (a) An affiliated nonprofit building corporation may purchase, expand, or renovate an existing facility to serve as a school or may construct a new school facility. A charter school may organize an affiliated nonprofit building corporation if the charter school:

(1) has operated for at least six consecutive years;

(2) as of June 30, has a net positive unreserved general fund balance in the preceding three fiscal years;

(3) has long-range strategic and financial plans that include enrollment projections for at least five years;

(4) completes a feasibility study of facility options that outlines the benefits and costs of each option; and

(5) has a plan that describes project parameters and budget.

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

(1) be incorporated under section 317A;

(2) comply with applicable Internal Revenue Service regulations, including regulations for "supporting organizations" as defined by the Internal Revenue Service;

(3) post on the school website the name, mailing address, bylaws, minutes of board meetings, and names of the current board of directors, including ex-officio board members, of the affiliated nonprofit building corporation;

(4) submit to the commissioner a copy of its annual audit by December 31 of each year; ~~and~~

(5) comply with government data practices law under chapter 13.; and

(6) comply with chapter 13D governing open meetings.

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

(d) The board of directors of an affiliated nonprofit building company, including ex-officio board members, must be composed of members who are not immediate family members or related parties. An individual on the affiliated nonprofit building company board, including ex-officio board members, must not be a family member or contractor of the charter school.

~~(d)~~ (e) The board of directors of the charter school must ensure the affiliated nonprofit building corporation complies with all applicable legal requirements. The charter school's authorizer must oversee the efforts of the board of directors of the charter school to ensure legal compliance of the affiliated building corporation. A school's board of directors that fails to ensure the affiliated nonprofit building corporation's compliance violates its responsibilities and an authorizer must consider that failure when evaluating the ~~charter school~~ school's performance.

Sec. 21. Minnesota Statutes 2020, section 124E.14, is amended to read:

**124E.14 CONFLICTS OF INTEREST.**

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

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

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

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

(4) an organization that employs, or is about to employ any individual in clauses (1) to (3),  
has a financial or other interest in the entity with which the charter school is contracting. A violation of this prohibition renders the contract void.

(b) The conflict of interest provisions under this section do not apply to compensation paid to a teacher employed as a teacher by the charter school or a teacher who provides instructional services to the charter school through a cooperative formed under chapter 308A when the teacher also serves on the charter school board of directors.

(c) A charter school board member, employee, or officer is a local official for purposes of section 471.895 with regard to receipt of gifts as defined under section 10A.071, subdivision 1, paragraph (b). A board member, employee, or officer must not receive compensation from a group health insurance provider.

(d) No charter school board member, employee, or teacher employed under a contract with a cooperative may serve on the board of, be employed by, or serve as a paid consultant for the school's authorizer.

Sec. 22. Minnesota Statutes 2020, section 124E.16, is amended to read:

**124E.16 REPORTS.**

Subdivision 1. **Audit report.** (a) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district, except as required under this subdivision. Audits must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, if applicable, and section 6.65 governing auditing procedures. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06 governing government property and financial investments; and sections 471.38; 471.391; 471.392; and 471.425 governing municipal contracting. The audit must comply with the requirements of sections 123B.75 to 123B.83 governing school district finance, except when the commissioner and authorizer approve a deviation made necessary because of school program finances. The commissioner, state auditor, legislative auditor, or authorizer may conduct financial, program, or compliance audits. A charter school in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

(b) The charter school must submit an audit report to the commissioner and its authorizer annually by December 31.

(c) The charter school, with the assistance of the auditor conducting the audit, must include with the report, as supplemental information: (1) a copy of a new management agreements agreement or an amendment to a current agreement with a charter management organization or an educational management organization ~~and (2) service agreements or contracts over the lesser of \$100,000 or ten percent of the school's most recent annual audited expenditures~~ signed during the audit year; and (2) a copy of a service agreement or contract with a company or individual totaling over five percent of the audited expenditures for the most recent audit year. The agreements must detail the terms of the agreement, including the services provided and the annual costs for those services. ~~If the entity that provides the professional services to the charter school is exempt from taxation under section 501 of the Internal Revenue Code of 1986, that entity must file with the commissioner by February 15 a copy of the annual return required under section 6033 of the Internal Revenue Code of 1986.~~

(d) A charter school independent audit report shall include audited financial data of an affiliated building corporation under section 124E.13, subdivision 3, or other component unit.

(e) If the audit report finds that a material weakness exists in the financial reporting systems of a charter school, the charter school must submit a written report to the commissioner explaining how the charter school will resolve that material weakness. An auditor, as a condition of providing financial services to a charter school, must agree to make available information about a charter school's financial audit to the commissioner and authorizer upon request.

**Subd. 2. Annual public reports.** (a) 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, management agreements with a charter management organization or educational management organization, academic performance, innovative practices and implementation, and future plans. A charter school may combine this report with the reporting required under section 120B.11 governing the world's best workforce. A charter school must post the annual report on the school's official website. A charter school also must distribute the annual report by publication, mail, or electronic means to its authorizer, school employees, and parents and legal guardians of students enrolled in the charter school. The reports are public data under chapter 13.

(b) An authorizer must submit an annual public report in a manner specified by the commissioner by January 15 for the previous school year ending June 30 that shall at least

24.1 include key indicators of school academic, operational, and financial performance. The  
24.2 report is part of the system to evaluate authorizer performance under section 124E.05,  
24.3 subdivision 5.

24.4 Sec. 23. Minnesota Statutes 2020, section 124E.17, subdivision 1, is amended to read:

24.5 Subdivision 1. **Charter school information.** (a) ~~Charter schools must disseminate~~  
24.6 ~~information about how to use the charter school offerings to targeted groups, among others.~~  
24.7 ~~Targeted groups include low-income families and communities, students of color, and~~  
24.8 ~~students who are at risk of academic failure.~~ A charter school must conduct outreach and  
24.9 disseminate information on the school's offerings and enrollment procedure to families that  
24.10 reflect the diversity of Minnesota's population and targeted groups. Targeted groups include  
24.11 low-income families and communities, students of color, students at risk of academic failure,  
24.12 and students underrepresented in the school's student body relative to Minnesota's population.  
24.13 A charter school must document its ongoing outreach and information dissemination activities  
24.14 in the charter school's annual report and must include the documentation as a component  
24.15 of the authorizer's performance review of the school.

24.16 (b) Authorizers and the commissioner must disseminate information to the public on  
24.17 how to form and operate a charter school. Authorizers, operators, and the commissioner  
24.18 also may disseminate information to interested stakeholders about the successful best  
24.19 practices in teaching and learning demonstrated by charter schools.