

159.22

ARTICLE 4

159.23

CHARTER SCHOOLS

159.24 Section 1. Minnesota Statutes 2020, section 124E.02, is amended to read:

159.25

124E.02 DEFINITIONS.

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

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

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

160.3 (d) "Charter management organization" means any nonprofit entity that contracts with
 160.4 a charter school board of directors to provide, manage, or oversee all or substantially all of
 160.5 a charter school's educational design or implementation or a charter school's administrative,
 160.6 financial, business, or operational functions.

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

160.9 (f) "Education management organization" means any for-profit entity that provides,
 160.10 manages, or oversees all or substantially all of the educational design or implementation
 160.11 for a charter school or a charter school's administrative, financial, business, or operational
 160.12 functions.

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

160.15 (h) "Online education service provider" means an organization that provides an online
 160.16 learning management system, virtual learning environment, or online student management
 160.17 system for a charter school and services for the implementation and operation of an online
 160.18 education program for the charter school.

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

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

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

160.25 Sec. 2. Minnesota Statutes 2020, section 124E.03, subdivision 2, is amended to read:

160.26 Subd. 2. **Certain federal, state, and local requirements.** (a) A charter school shall
160.27 meet all federal, state, and local health and safety requirements applicable to school districts.

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

160.30 (c) A charter school must comply with the Minnesota Public School Fee Law, sections
160.31 123B.34 to 123B.39.

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

161.2 (e) A charter school must comply with the Pledge of Allegiance requirement under
161.3 section 121A.11, subdivision 3.

161.4 (f) A charter school and charter school board of directors must comply with chapter 181
161.5 governing requirements for employment.

161.6 (g) A charter school must comply with continuing truant notification under section
161.7 260A.03.

161.8 (h) A charter school must develop and implement a teacher evaluation and peer review
161.9 process under section 122A.40, subdivision 8, paragraph (b), clauses (2) to (13), and place
161.10 students in classrooms in accordance with section 122A.40, subdivision 8, paragraph (d).
161.11 The teacher evaluation process in this paragraph does not create any additional employment
161.12 rights for teachers.

161.13 (i) A charter school must adopt a policy, plan, budget, and process, consistent with
161.14 section 120B.11, to review curriculum, instruction, and student achievement and strive for
161.15 the world's best workforce.

161.16 (j) A charter school is subject to and must comply with section 121A.575 and the Pupil
161.17 Fair Dismissal Act, sections 121A.40 to 121A.56.

161.18 (k) A charter school is subject to and must comply with the uniform municipal contracting
161.19 law according to section 471.345 in the same manner as school districts.

161.20 Sec. 3. Minnesota Statutes 2020, section 124E.03, is amended by adding a subdivision to
161.21 read:

161.22 Subd. 8. **English learners.** A charter school is subject to and must comply with the
161.23 Education for English Learners Act, sections 124D.58 to 124D.64, as though it were a
161.24 district.

161.25 Sec. 4. Minnesota Statutes 2020, section 124E.03, is amended by adding a subdivision to
161.26 read:

161.27 Subd. 9. **Corporal punishment.** A charter school is subject to and must comply with
161.28 section 121A.58 as though it were a district.

162.1 Sec. 5. Minnesota Statutes 2020, section 124E.05, subdivision 4, is amended to read:

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

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

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

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

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

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

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

162.17 (7) the process for renewing or terminating the school's charter based on evidence
162.18 showing the academic, organizational, and financial competency of the school, including
162.19 its success in increasing student achievement and meeting the goals of the charter school
162.20 agreement; and

162.21 (8) an assurance specifying that the organization is committed to serving as an authorizer
162.22 for the full five-year term until the commissioner terminates the organization's ability to
162.23 authorize charter schools under subdivision 6 or the organization formally withdraws as an
162.24 approved authorizer under subdivision 7.

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

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

162.31 Subd. 6. **Corrective action.** (a) If, consistent with this chapter, the commissioner finds
 162.32 that an authorizer has not met the requirements of this chapter, the commissioner may subject
 163.1 the authorizer to a corrective action plan, which may ~~include terminating the contract with~~
 163.2 ~~the charter school board of directors of a school it chartered; last no longer than 130 business~~
 163.3 ~~days. The commissioner may prohibit an authorizer on a corrective plan from accepting a~~
 163.4 ~~transfer application from a charter school and an application to establish a charter school.~~

163.5 (b) The commissioner must notify the authorizer in writing ~~of that the authorizer has~~
 163.6 ~~been placed on a corrective plan. The notice must include any findings that may subject the~~
 163.7 ~~authorizer to corrective action at the conclusion of the corrective plan and the authorizer~~
 163.8 ~~then has 15 business days to request an informal hearing before the commissioner takes~~
 163.9 ~~corrective action. The commissioner must hold an informal hearing within 15 business days~~
 163.10 ~~of the request. If the issues identified as the basis for the corrective action are not resolved~~

33.8 Sec. 29. Minnesota Statutes 2020, section 124E.05, subdivision 5, is amended to read:

33.9 Subd. 5. **Review by commissioner.** (a) The commissioner shall review an authorizer's
 33.10 performance every five years in a manner and form determined by the commissioner, subject
 33.11 to paragraphs (b) and (c), and may review an authorizer's performance more frequently at
 33.12 the commissioner's own initiative or at the request of a charter school operator, charter
 33.13 school board member, or other interested party. The commissioner, after completing the
 33.14 review, shall transmit a report with findings to the authorizer.

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

33.16 (1) use criteria appropriate to the authorizer and the schools it charters to review the
 33.17 authorizer's performance; and

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

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

33.23 (1) fail to credit;

33.24 (2) withhold points; or

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

33.27 (d) An authorizer that is a school district that submitted a written promise under
 33.28 subdivision 4, paragraph (b), may submit a new written promise to comply with the
 33.29 requirements to the commissioner as part of the review process.

[NOTE: SENATE LANGUAGE ABOVE FROM ARTICLE 2, SECTION 29]

34.1 Sec. 30. Minnesota Statutes 2020, section 124E.05, subdivision 6, is amended to read:

34.2 Subd. 6. **Corrective action.** (a) If, consistent with this chapter, the commissioner finds
 34.3 that an authorizer has not met the requirements of this chapter, the commissioner may subject
 34.4 the authorizer to a corrective action plan, which may ~~include terminating the contract with~~
 34.5 ~~the charter school board of directors of a school it chartered; last no longer than 130 business~~
 34.6 ~~days. The commissioner may prohibit an authorizer on a corrective plan from accepting a~~
 34.7 ~~transfer application from a charter school and an application to establish a charter school.~~

34.8 (b) The commissioner must notify the authorizer in writing ~~of that the authorizer has~~
 34.9 ~~been placed on a corrective plan. The notice must include any findings that may subject the~~
 34.10 ~~authorizer to corrective action at the conclusion of the corrective plan and the authorizer~~
 34.11 ~~then has 15 business days to request an informal hearing before the commissioner takes~~
 34.12 ~~corrective action. The commissioner must hold an informal hearing within 15 days of the~~
 34.13 ~~request. If the issues identified as the basis for the corrective action are not resolved at the~~

163.11 at the informal hearing, the authorizer must make the requested improvements and notify
 163.12 the commissioner of the improvements within 45 business days. Within 20 business days,
 163.13 the commissioner must review the changes and notify the authorizer of any remaining issues
 163.14 to be resolved. An authorizer must address the remaining issues as directed by the
 163.15 commissioner within 20 business days. Within 15 business days, the commissioner must
 163.16 review the changes and notify the authorizer whether all issues in the corrective plan have
 163.17 been resolved.

163.18 ~~(c)~~ (d) ~~If the commissioner terminates a contract between an authorizer and a charter school~~
 163.19 ~~under this paragraph the authorizer's ability to charter a school, the commissioner may must~~
 163.20 ~~assist the affected charter school in acquiring a new authorizer. A charter school board of~~
 163.21 ~~directors may submit to the commissioner a request to transfer to a new authorizer without~~
 163.22 ~~the approval or consent of the current authorizer if that authorizer has been under a corrective~~
 163.23 ~~action plan for more than 130 business days.~~

163.24 ~~(b)~~ (d) ~~The commissioner may at any time take corrective action against an authorizer,~~
 163.25 ~~including terminating an authorizer's ability to charter a school, terminating a contract with~~
 163.26 ~~a charter school, and other appropriate sanctions for:~~

163.27 ~~(1) failing to demonstrate the criteria under subdivision 3 under which the commissioner~~
 163.28 ~~approved the authorizer;~~

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

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

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

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

164.2 **EFFECTIVE DATE.** This section is effective July 1, 2021.

164.3 Sec. 7. Minnesota Statutes 2020, section 124E.05, subdivision 7, is amended to read:

164.4 Subd. 7. **Withdrawal.** If the governing board of an approved authorizer votes to withdraw
 164.5 as an approved authorizer for a reason unrelated to any cause under section ~~124E.10,~~
 164.6 ~~subdivision 4~~ 124E.07, subdivision 6, the authorizer must notify all its chartered schools
 164.7 and the commissioner in writing by March 1 of its intent to withdraw as an authorizer on
 164.8 June 30 in the next calendar year, regardless of when the authorizer's five-year term of
 164.9 approval ends. Upon notification of the schools and commissioner, the authorizer must
 164.10 provide a letter to the school for distribution to families of students enrolled in the school
 164.11 that explains the decision to withdraw as an authorizer. The commissioner may approve the
 164.12 transfer of a charter school to a new authorizer under section 124E.10, subdivision 5.

34.14 informal hearing, the authorizer must make the requested improvements and notify the
 34.15 commissioner of the improvements within 45 business days. Within 20 business days, the
 34.16 commissioner must review the changes and notify the authorizer of any remaining issues
 34.17 to be resolved. An authorizer must address the remaining issues as directed by the
 34.18 commissioner within 20 business days. Within 15 business days, the commissioner must
 34.19 review the changes and notify the authorizer whether all issues in the corrective plan have
 34.20 been resolved.

34.21 ~~(c)~~ (d) ~~If the commissioner terminates a contract between an authorizer and a charter school~~
 34.22 ~~under this paragraph the authorizer's ability to charter a school, the commissioner may must~~
 34.23 ~~assist the affected charter school in acquiring a new authorizer. A charter school board of~~
 34.24 ~~directors may submit to the commissioner a request to transfer to a new authorizer without~~
 34.25 ~~the approval or consent of the current authorizer if that authorizer has been under a corrective~~
 34.26 ~~action plan for more than 130 business days.~~

34.27 ~~(b)~~ (d) ~~The commissioner may at any time take corrective action against an authorizer,~~
 34.28 ~~including terminating an authorizer's ability to charter a school, terminating a contract with~~
 34.29 ~~a charter school, and other appropriate sanctions for:~~

34.30 ~~(1) failing to demonstrate the criteria under subdivision 3 under which the commissioner~~
 34.31 ~~approved the authorizer;~~

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

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

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

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

[NOTE: SENATE LANGUAGE ABOVE FROM ARTICLE 2, SECTION 30]

164.13 Sec. 8. Minnesota Statutes 2020, section 124E.06, subdivision 1, is amended to read:

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

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

164.22 (1) the school developer's:

164.23 (i) mission statement;

164.24 (ii) school purposes;

164.25 (iii) program design;

164.26 (iv) financial plan;

164.27 (v) market need and demand study;

164.28 ~~(vi)~~ (vi) governance and management structure; and

164.29 ~~(vii)~~ (vii) background and experience;

164.30 (2) any other information the authorizer requests; and

165.1 (3) a "statement of assurances" of legal compliance prescribed by the commissioner.

165.2 (c) "Market need and demand study" means a study that includes the following for any
 165.3 proposed location of a new school, grade or site expansion, or preschool program:

165.4 (1) current and projected demographic information;

165.5 (2) student enrollment patterns;

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

165.7 (4) characteristics of proposed students and families;

165.8 (5) availability of properly zoned and classified facilities; and

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

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

165.14 affidavit submitted by an authorizer under subdivision 4 if the affidavit does not comply
165.15 with subdivision 3, paragraph (e), and section 124E.01, subdivision 1.

165.16 Sec. 9. Minnesota Statutes 2020, section 124E.06, subdivision 4, is amended to read:

165.17 Subd. 4. **Authorizer's affidavit; approval process.** (a) Before an operator may establish
165.18 and operate a school, the authorizer must file an affidavit with the commissioner stating its
165.19 intent to charter a school. An authorizer must file a separate affidavit for each school it
165.20 intends to charter. An authorizer must file an affidavit at least 14 months before July 1 of
165.21 the year the new charter school plans to serve students. The affidavit must state:

165.22 (1) the terms and conditions under which the authorizer would charter a school, including
165.23 market research that addresses the need, demand, and potential market for the proposed
165.24 charter school in the community where the school intends to locate; and

165.25 (2) how the authorizer intends to oversee:

165.26 (i) the fiscal and student performance of the charter school; and

165.27 (ii) compliance with the terms of the written contract between the authorizer and the
165.28 charter school board of directors under section 124E.10, subdivision 1.

165.29 (b) The commissioner must approve or disapprove the authorizer's affidavit within 60
165.30 business days of receiving the affidavit. If the commissioner disapproves the affidavit, the
165.31 commissioner shall notify the authorizer of the deficiencies in the affidavit and the authorizer
166.1 then has 20 business days to address the deficiencies. The commissioner must notify the
166.2 authorizer of the commissioner's final approval or final disapproval within 15 business days
166.3 after receiving the authorizer's response to the deficiencies in the affidavit. If the authorizer
166.4 does not address deficiencies to the commissioner's satisfaction, the commissioner's
166.5 disapproval is final. An authorizer who fails to obtain the commissioner's approval is
166.6 precluded from chartering the school that is the subject of this affidavit.

166.7 Sec. 10. Minnesota Statutes 2020, section 124E.06, subdivision 5, is amended to read:

166.8 Subd. 5. **Adding grades or sites.** (a) A charter school may apply to the authorizer to
166.9 amend the school charter to add grades or primary enrollment sites beyond those defined
166.10 in the original affidavit approved by the commissioner. After approving the school's
166.11 application, the authorizer shall submit a supplemental affidavit in the form and manner
166.12 prescribed by the commissioner. The authorizer must file a supplemental affidavit to the
166.13 commissioner by October 1 to be eligible to add grades or sites in the next school year. The
166.14 supplemental affidavit must document to the authorizer's satisfaction:

166.15 (1) the need for the additional grades or sites with supporting long-range enrollment
166.16 projections;

166.17 (2) a longitudinal record of student academic performance and growth on statewide
166.18 assessments under chapter 120B or on other academic assessments that measure longitudinal

- 166.19 student performance and growth approved by the charter school's board of directors and
166.20 agreed upon with the authorizer;
- 166.21 (3) a history of sound school finances and a plan to add grades or sites that sustains the
166.22 school's finances; ~~and~~
- 166.23 (4) board capacity to administer and manage the additional grades or sites; and
- 166.24 (5) market need and demand study.
- 166.25 (b) The commissioner shall have 30 business days to review and comment on the
166.26 supplemental affidavit. The commissioner shall notify the authorizer in writing of any
166.27 deficiencies in the supplemental affidavit and the authorizer then has 20 business days to
166.28 address any deficiencies in the supplemental affidavit to the commissioner's satisfaction.
166.29 The commissioner must notify the authorizer of final approval or final disapproval within
166.30 15 business days after receiving the authorizer's response to the deficiencies in the affidavit.
166.31 The school may not add grades or sites until the commissioner has approved the supplemental
166.32 affidavit. The commissioner's approval or disapproval of a supplemental affidavit is final.
- 167.1 Sec. 11. Minnesota Statutes 2020, section 124E.11, is amended to read:
- 167.2 **124E.11 ADMISSION REQUIREMENTS AND ENROLLMENT.**
- 167.3 (a) A charter school, including its preschool or prekindergarten program established
167.4 under section 124E.06, subdivision 3, paragraph (b), may limit admission to:
- 167.5 (1) pupils within an age group or grade level;
- 167.6 (2) pupils who are eligible to participate in the graduation incentives program under
167.7 section 124D.68; or
- 167.8 (3) residents of a specific geographic area in which the school is located when the
167.9 majority of students served by the school are members of underserved populations.
- 167.10 (b) A charter school, including its preschool or prekindergarten program established
167.11 under section 124E.06, subdivision 3, paragraph (b), shall enroll an eligible pupil who
167.12 submits a timely application, unless the number of applications exceeds the capacity of a
167.13 program, class, grade level, or building. In this case, pupils must be accepted by lot. The
167.14 charter school must develop and publish, including on its website, a lottery policy and
167.15 process that it must use when accepting pupils by lot.
- 167.16 (c) A charter school shall give enrollment preference to a sibling of an enrolled pupil
167.17 and to a foster child of that pupil's parents and may give preference for enrolling children
167.18 of the school's staff before accepting other pupils by lot. A charter school that is located in
167.19 Duluth township in St. Louis County and admits students in kindergarten through grade 6
167.20 must give enrollment preference to students residing within a five-mile radius of the school
167.21 and to the siblings of enrolled children. A charter school may give enrollment preference
167.22 to children currently enrolled in the school's free preschool or prekindergarten program

167.23 under section 124E.06, subdivision 3, paragraph (b), who are eligible to enroll in kindergarten
167.24 in the next school year.

167.25 (d) Admission to a charter school must be free to any person who resides within the state
167.26 of Minnesota, and Minnesota students have preference over out-of-state residents. A person
167.27 shall not be admitted to a charter school (1) as a kindergarten pupil, unless the pupil is at
167.28 least five years of age on September 1 of the calendar year in which the school year for
167.29 which the pupil seeks admission commences; or (2) as a first grade student, unless the pupil
167.30 is at least six years of age on September 1 of the calendar year in which the school year for
167.31 which the pupil seeks admission commences or has completed kindergarten; except that a
167.32 charter school may establish and publish on its website a policy for admission of selected
167.33 pupils at an earlier age, consistent with the enrollment process in paragraphs (b) and (c).

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

168.6 (f) The charter school shall not distribute any services or goods of value to students,
168.7 parents, or guardians as an inducement, term, or condition of enrolling a student in a charter
168.8 school.

168.9 (g) Once a student is enrolled in the school, the student is considered enrolled in the
168.10 school until the student formally withdraws or is expelled under the Pupil Fair Dismissal
168.11 Act in sections 121A.40 to 121A.56.

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

168.18 Sec. 12. Minnesota Statutes 2020, section 124E.12, subdivision 1, is amended to read:

168.19 Subdivision 1. **Teachers.** A charter school must employ necessary teachers or contract
168.20 with a cooperative formed under chapter 308A to provide necessary teachers, as defined
168.21 by section ~~122A.15, subdivision 1~~ 122A.06, subdivision 2, who hold valid licenses to
168.22 perform the particular service for which they are employed in the school. The commissioner
168.23 may reduce the charter school's state aid under section 127A.43 if the school employs a
168.24 teacher who is not appropriately licensed or approved by the Professional Educator Licensing
168.25 and Standards Board. The school may employ necessary employees who are not required
168.26 to hold teaching licenses to perform duties other than teaching and may contract for other
168.27 services. The school may discharge teachers and nonlicensed employees. The charter school
168.28 board is subject to section 181.932 governing whistle-blowers. When offering employment

168.29 to a prospective employee, a charter school must give that employee a written description
168.30 of the terms and conditions of employment and the school's personnel policies.

168.31 Sec. 13. Minnesota Statutes 2020, section 124E.13, subdivision 1, is amended to read:

168.32 Subdivision 1. **Leased space.** A charter school may lease space from: an independent
168.33 or special school board; other public organization; private, nonprofit, nonsectarian
169.1 organization; private property owner; or a sectarian organization; and if the leased space is
169.2 owned by the lessor and is constructed as a school facility. The commissioner must review
169.3 and approve or disapprove leases in a timely manner to determine eligibility for lease aid
169.4 under section 124E.22.

169.5 Sec. 14. Minnesota Statutes 2020, section 124E.16, subdivision 1, is amended to read:

169.6 Subdivision 1. **Audit report.** (a) A charter school is subject to the same financial audits,
169.7 audit procedures, and audit requirements as a district, except as required under this
169.8 subdivision. Audits must be conducted in compliance with generally accepted governmental
169.9 auditing standards, the federal Single Audit Act, if applicable, and section 6.65 governing
169.10 auditing procedures. A charter school is subject to and must comply with sections 15.054;
169.11 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06 governing government property
169.12 and financial investments; and sections 471.38; 471.391; 471.392; and 471.425 governing
169.13 municipal contracting. The audit must comply with the requirements of sections 123B.75
169.14 to 123B.83 governing school district finance, except when the commissioner and authorizer
169.15 approve a deviation made necessary because of school program finances. The commissioner,
169.16 state auditor, legislative auditor, or authorizer may conduct financial, program, or compliance
169.17 audits. A charter school in statutory operating debt under sections 123B.81 to 123B.83 must
169.18 submit a plan under section 123B.81, subdivision 4.

169.19 (b) The charter school must submit an audit report to the commissioner and its authorizer
169.20 annually by December 31. The charter school's charter management organization or
169.21 educational management organization must submit an audit report to the commissioner
169.22 annually by December 31.

169.23 (c) The charter school, with the assistance of the auditor conducting the audit, must
169.24 include with the report, as supplemental information: (1) a copy of management agreements
169.25 with a charter management organization or an educational management organization and
169.26 (2) service agreements or contracts over the lesser of \$100,000 or ten percent of the school's
169.27 most recent annual audited expenditures. The agreements must detail the terms of the
169.28 agreement, including the services provided and the annual costs for those services. If the
169.29 entity that provides the professional services to the charter school is exempt from taxation
169.30 under section 501 of the Internal Revenue Code of 1986, that entity must file with the
169.31 commissioner by February 15 a copy of the annual return required under section 6033 of
169.32 the Internal Revenue Code of 1986.

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

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

170.10 Sec. 15. Minnesota Statutes 2020, section 124E.25, subdivision 1a, is amended to read:

170.11 Subd. 1a. **School closures; payments.** (a) Notwithstanding subdivision 1 and section
170.12 127A.45, for a charter school ceasing operation on or before June 30, for the payment periods
170.13 occurring after the school ceases serving students, the commissioner shall withhold the
170.14 estimated state aid owed the school. The charter school board of directors and authorizer
170.15 must submit to the commissioner a closure plan under chapter ~~308A~~ or 317A; and financial
170.16 information about the school's liabilities and assets. After receiving the closure plan, financial
170.17 information, an audit of pupil counts, and documented lease expenditures from the charter
170.18 school and monitoring special education expenditures, the commissioner may release cash
170.19 withheld and may continue regular payments up to the current year payment percentages
170.20 if further amounts are owed. If, based on audits and monitoring, the school received state
170.21 aid in excess of the amount owed, the commissioner shall retain aid withheld sufficient to
170.22 eliminate the aid overpayment.

170.23 (b) For a charter school ceasing operations before or at the end of a school year,
170.24 notwithstanding section 127A.45, subdivision 3, the commissioner may make preliminary
170.25 final payments after the school submits the closure plan, an audit of pupil counts, documented
170.26 lease expenditures, and Uniform Financial Accounting and Reporting Standards (UFARS)
170.27 financial data and the commissioner monitors special education expenditures for the final
170.28 year of operation. The commissioner may make the final payment after receiving audited
170.29 financial statements under section 123B.77, subdivision 3.

170.30 (c) Notwithstanding sections 317A.701 to 317A.791, after closing a charter school and
170.31 satisfying creditors, remaining cash and investment balances shall be returned by the
170.32 commissioner to the state general fund.