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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 4020

03/02/2020 Authored by Lesch, Mariani, Erickson and Davnie
The bill was read for the first time and referred to the Committee on Education Policy

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 2018, 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, by adding a
1.6 subdivision; 124E.11; 124E.12, subdivision 2; 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 2018, section 124E.01, subdivision 1, is amended to read:

1.10 Subdivision 1. **Goal and purposes.** The primary purpose goal of charter mission-driven
1.11 chartered public schools is to improve all-pupil the learning and-all-student, achievement,
1.12 and success of all students. Additional purposes include The purposes of chartered public
1.13 schools are to:

- 1.14 (1) increase quality learning opportunities for all pupils students;
1.15 (2) encourage the use of different and innovative teaching methods;
1.16 (3) measure learning outcomes and create different and innovative forms of measuring
1.17 outcomes;
1.18 (4) establish new forms of accountability for schools; or
1.19 (5) create new professional opportunities for teachers, including the opportunity to be
1.20 responsible for the learning program at the school site.

1.21 A charter school must identify the purposes it will address in the charter contract and
1.22 document the implementation of those purposes in the school's annual report. Documentation

2.1 of the implementation of those purposes shall be a component of the authorizer's performance  
 2.2 review of the school.

2.3 Sec. 2. Minnesota Statutes 2018, section 124E.02, is amended to read:

2.4 **124E.02 DEFINITIONS.**

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

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

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

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

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

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

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

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

2.25 (1) current and projected demographic information;

2.26 (2) student enrollment patterns;

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

2.28 (4) characteristics of proposed students and families;

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

2.30 (6) quantification of existing demand for the school or site.

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

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

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

3.7 Sec. 3. Minnesota Statutes 2018, section 124E.05, subdivision 2, is amended to read:

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

3.14 (b) An authorizer has the following responsibilities:

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

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

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

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

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

3.28 (d) The authorizer must document in the annual income and expenditure report under  
 3.29 subdivision 8 the training its staff and consultants completed during the previous year on  
 3.30 the charter school law and the authorizer's role or responsibilities.

4.1 Sec. 4. Minnesota Statutes 2018, section 124E.05, subdivision 4, is amended to read:

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

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

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

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

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

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

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

4.17 (7) the process for renewing or terminating the school's charter based on evidence  
4.18 showing the academic, organizational, and financial competency of the school, including  
4.19 its success in increasing student achievement and meeting the goals of the charter school  
4.20 agreement; ~~and.~~

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

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

4.28 Sec. 5. Minnesota Statutes 2018, section 124E.05, subdivision 5, is amended to read:

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

5.1 school employees, 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 ~~(c) The commissioner's form must use existing department data on the authorizer to~~  
5.10 ~~minimize duplicate reporting to the extent practicable. When reviewing an authorizer's~~  
5.11 ~~performance under this subdivision, the commissioner must not:~~

5.12 ~~(1) fail to credit;~~

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

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

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

5.19 (2) publish the form and manner of the authorizer performance review process at least  
5.20 12 months before the beginning of the review cycle;

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

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

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

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

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

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

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

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

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

6.9 Sec. 6. Minnesota Statutes 2018, section 124E.05, subdivision 6, is amended to read:

6.10 Subd. 6. **Corrective action.** (a) If, consistent with this chapter, the commissioner finds  
 6.11 that an authorizer has not met the requirements of this chapter, the commissioner may subject  
 6.12 the authorizer to corrective action, which may include ~~terminating the contract with the~~  
 6.13 ~~charter school board of directors of a school it chartered.;~~

6.14 (1) a corrective action plan with specific deadlines;

6.15 (2) a prohibition on accepting transfer applications from schools;

6.16 (3) a prohibition on accepting applications for new schools; or

6.17 (4) termination of an authorizer's ability to continue to charter schools.

6.18 The commissioner must notify the authorizer in writing of any findings that may subject  
 6.19 the authorizer to corrective action and the authorizer then has 15 business days to request  
 6.20 an informal hearing before the commissioner takes corrective action. If the commissioner  
 6.21 terminates the authorizer's authority to charter a contract between an authorizer and a charter  
 6.22 ~~school under this paragraph, the commissioner may assist the charter school, the~~  
 6.23 commissioner shall implement a timely process for schools authorized by the authorizer to  
 6.24 acquire a new authorizer and assist affected schools in acquiring a new authorizer.

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

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

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

6.31 (3) unsatisfactory performance as an approved authorizer; or

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

7.3 (c) If an authorizer is subject to corrective action and has not implemented actions  
7.4 satisfactory to the commissioner within 90 business days, a school board may request  
7.5 approval from the commissioner to transfer to another authorizer without the approval or  
7.6 consent of the authorizer in corrective action.

7.7 Sec. 7. Minnesota Statutes 2018, section 124E.06, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

7.24 (vi) plan for staffing the school with appropriately qualified and licensed personnel;

7.25 ~~(iv)~~ (vii) financial plan;

7.26 ~~(v)~~ (viii) governance and management structure and plan; ~~and~~

7.27 ~~(vi)~~ background and experience;

7.28 (ix) market need and demand study; and

8.1 (x) plan for ongoing outreach and dissemination of information about the school's  
 8.2 offerings and enrollment procedure to families that reflect the diversity of Minnesota's  
 8.3 population and targeted groups under section 124E.17, subdivision 1, paragraph (a);

8.4 (2) the school developer's experience and background, including criminal history and  
 8.5 bankruptcy background checks;

8.6 ~~(2)~~ (3) any other information the authorizer requests; and

8.7 ~~(3)~~ (4) a "statement of assurances" of legal compliance prescribed by the commissioner.

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

8.13 Sec. 8. Minnesota Statutes 2018, section 124E.07, subdivision 1, is amended to read:

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

8.22 Sec. 9. Minnesota Statutes 2018, section 124E.07, subdivision 2, is amended to read:

8.23 Subd. 2. **Ongoing board of directors.** ~~The ongoing board must be elected before the~~  
 8.24 ~~school completes its third year of operation.~~ The ongoing board must begin the election  
 8.25 process by the end of the first year of operation and be completed by the end of the third  
 8.26 year of operation. The terms of board members shall begin on July 1. The bylaws shall set  
 8.27 the number of terms an individual may serve on the board or as an officer of the board.  
 8.28 Board elections must be held during the school year but may not be conducted on days when  
 8.29 the school is closed.



9.1 Sec. 10. Minnesota Statutes 2018, section 124E.07, subdivision 3, is amended to read:

9.2 Subd. 3. **Membership criteria.** (a) The ongoing charter school board of directors shall  
 9.3 have at least five ~~nonrelated~~ members ~~and include~~. The board members must not be related.  
 9.4 The ongoing board shall include: (1) at least one licensed teacher who is employed by the  
 9.5 school as a teacher who provides direct instruction to students at the school or provides  
 9.6 direct instruction under contract between the charter school and a cooperative; (2) at least  
 9.7 one parent or legal guardian of a student enrolled in the charter school who is not an employee  
 9.8 of the charter school; and (3) at least one interested community member who resides in  
 9.9 Minnesota, is not employed by the charter school, and does not have a child enrolled in the  
 9.10 school. The board structure must be defined in the bylaws. The board structure may include  
 9.11 a majority of teachers under this paragraph ~~or~~, a majority of parents or, a majority of  
 9.12 community members, or it may have no clear majority. The ~~chief financial officer and the~~  
 9.13 ~~chief administrator~~ may only serve as ex-officio nonvoting board members. No charter  
 9.14 school employees shall serve on the board other than teachers under clause (1). Contractors  
 9.15 providing facilities, goods, or services to a charter school shall not serve on the board of  
 9.16 directors of the charter school.

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

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

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

10.1 Sec. 11. Minnesota Statutes 2018, section 124E.07, subdivision 4, is amended to read:

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

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

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

10.11 ~~(2)~~ (3) with the authorizer's approval.

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

10.14 Sec. 12. Minnesota Statutes 2018, section 124E.07, subdivision 5, is amended to read:

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

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

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

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

10.29 Sec. 13. Minnesota Statutes 2018, section 124E.07, subdivision 6, is amended to read:

10.30 Subd. 6. **Duties.** (a) The board of directors ~~also shall decide and~~ is responsible for all  
10.31 decision making on policy matters related to operating the school, including budgeting,

11.1 curriculum programming, personnel, and operating procedures. ~~The board shall adopt a~~  
 11.2 ~~nepotism policy.~~ The board shall must adopt personnel evaluation policies and practices  
 11.3 that, at a minimum:

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

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

11.6 (3) evaluate student achievement, postsecondary and workforce readiness, and student  
 11.7 engagement and connection goals;

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

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

11.11 (b) The board must adopt a nepotism policy that prohibits the employment of immediate  
 11.12 family members of a board member, school employee, or a teacher who provides instruction  
 11.13 under a contract between the charter school and a cooperative without: (1) publicly posting  
 11.14 the position for 20 business days; and (2) a supermajority approval of the hiring by the board  
 11.15 of directors. A board member, school employee, or teacher under contract with a cooperative  
 11.16 must not be involved in an interview, selection process, hiring, supervision, or evaluation  
 11.17 of an employee who is an immediate family member.

11.18 Sec. 14. Minnesota Statutes 2018, section 124E.07, subdivision 7, is amended to read:

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

11.28 (b) A new board member must successfully complete training on a charter school board's  
 11.29 roles and responsibilities, open meeting law, and data practices law prior to being seated  
 11.30 on the board. An ex-officio member must successfully complete this training within three  
 11.31 months of starting employment at the school.

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

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

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

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

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

12.25 Sec. 15. Minnesota Statutes 2018, section 124E.09, is amended to read:

12.26 **124E.09 EXTENT OF SPECIFIC LEGAL AUTHORITY.**

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

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

12.29 (c) The commissioner, an authorizer, members of the board of an authorizer in their  
 12.30 official capacity, and employees of an authorizer are immune from civil or criminal liability  
 12.31 with respect to all activities related to a charter school they approve or authorize. The board  
 12.32 of directors shall obtain at least the amount of and types of insurance up to the applicable  
 12.33 tort liability limits under chapter 466. The charter school board must submit a copy of the

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

13.4 (d) Notwithstanding section 3.736, the charter school shall assume full liability for its  
13.5 activities and indemnify and hold harmless the authorizer and its officers, agents, and  
13.6 employees from any suit, claim, or liability arising from any operation of the charter school  
13.7 and the commissioner and department officers, agents, and employees. A charter school is  
13.8 not required to indemnify or hold harmless a state employee if the state would not be required  
13.9 to indemnify and hold the employee harmless under section 3.736, subdivision 9.

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

13.13 Sec. 16. Minnesota Statutes 2018, section 124E.10, subdivision 1, is amended to read:

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

13.19 (1) a declaration that the charter school will carry out the primary purpose in section  
13.20 124E.01, subdivision 1, and indicate how the school will report its implementation of the  
13.21 primary purpose to its authorizer;

13.22 (2) a declaration of the additional purpose or purposes in section 124E.01, subdivision  
13.23 1, that the school intends to carry out and indicate how the school will report its  
13.24 implementation of those purposes to its authorizer;

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

13.27 (4) a statement of admission policies and procedures;

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

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

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

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

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

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

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

14.11 (ii) notwithstanding section 3.736, the commissioner and department officers, agents,  
 14.12 and employees;

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

14.17 (12) how the charter school board of directors or the charter school operators will provide  
 14.18 special instruction and services for children with a disability under sections 125A.03 to  
 14.19 125A.24, and 125A.65, and a description of the financial parameters within which the charter  
 14.20 school will provide the special instruction and services to children with a disability;

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

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

14.27 (15) how the charter school will conduct ongoing outreach and dissemination of  
 14.28 information about the school's offerings and enrollment procedure to families that reflect  
 14.29 the diversity of Minnesota's population, and targeted groups under section 124E.17,  
 14.30 subdivision 1, paragraph (a).

14.31 (b) In addition to the requirements of paragraph (a), the charter contract must contain  
 14.32 the plan for an orderly closing of the school under chapter 317A, that establishes the

15.1 responsibilities of the school board of directors and the authorizer, whether the closure is a  
 15.2 termination for cause, a voluntary termination, or a nonrenewal of the contract. The plan  
 15.3 must establish who is responsible for:

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

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

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

15.10 (4) closing financial operations.

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

15.18 (d) A charter school contract for a charter school where at least 70 percent of enrolled  
 15.19 students are eligible to participate in the graduation incentives program under section  
 15.20 124D.68, or that limits admission to students eligible to participate in the graduation  
 15.21 incentives program under section 124D.68, must include innovative and different academic,  
 15.22 college, and workforce readiness and student engagement accountability measures and  
 15.23 achievement levels that assist students to succeed in school.

15.24 Sec. 17. Minnesota Statutes 2018, section 124E.10, subdivision 4, is amended to read:

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

15.32 (b) The authorizer may or may not renew a contract at the end of the term for any ground  
 15.33 listed in paragraph (b) (c). An authorizer may unilaterally terminate a contract during the

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

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

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

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

16.21 (3) violations of law; or

16.22 (4) other good cause shown.

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

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

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

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

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



17.1 Sec. 18. Minnesota Statutes 2018, section 124E.10, is amended by adding a subdivision  
17.2 to read:

17.3 Subd. 7. **School closures.** (a) Upon a final decision to close a charter school, whether  
17.4 by voluntary action of the charter school's board of directors, nonrenewal or termination of  
17.5 the charter contract by the authorizer, or termination of the charter contract by the  
17.6 commissioner, the board of directors shall appoint a school closure trustee, approved by the  
17.7 authorizer, within 15 business days of the final decision. The board of directors or the  
17.8 authorizer may require the trustee to post a bond.

17.9 (b) The trustee must be a resident of Minnesota; possess a bachelor's or postgraduate  
17.10 degree in accounting, law, nonprofit management, educational administration, or other  
17.11 relevant management, administration, or financial field; and have at least five years of work  
17.12 experience in the degree area. The trustee must submit to a state and federal criminal history  
17.13 background check; must not have been convicted of a felony or other crime involving moral  
17.14 turpitude; and must not have been found liable in a civil court for fraud, breach of fiduciary  
17.15 duty, civil theft, or similar misconduct. The trustee must not be under investigation or  
17.16 pending criminal prosecution for a felony or other crime. The trustee must not have a history  
17.17 of wage garnishment by the Internal Revenue Service or the state and must not have filed  
17.18 for bankruptcy.

17.19 (c) The trustee must not have been an employee or contractor of the charter school during  
17.20 the previous five years and must not have an immediate family member who is an employee  
17.21 or contractor of the charter school or who serves on the charter school's board of directors.  
17.22 The trustee must have no material interest adverse to the charter school.

17.23 (d) The trustee must activate and execute the closure plan for the charter school outlined  
17.24 in the school's charter contract, including the transfer of student records required by  
17.25 subdivision 6, and the reporting of financial and student data to the department necessary  
17.26 for the release of final aid payments under section 124E.25, subdivision 1a. Upon the  
17.27 appointment of the trustee, the trustee must approve all school expenditures before payment  
17.28 and shall be a required signatory on all school accounts and payments made by the school.  
17.29 The trustee has the authority to void and seek reimbursement of any and all extraordinary  
17.30 payments of the school to individuals, contractors, or corporations made within 90 business  
17.31 days of a final decision to close. If during the closure process it is determined by the charter  
17.32 school's board of directors or the authorizer that the trustee is not performing the closure  
17.33 duties in an efficient and effective manner, the authorizer may appoint a new trustee.

18.1 (e) The trustee is entitled to immunity provided by common law for acts or omissions  
18.2 within the scope of the trustee's appointment. The trustee is not exempt from an illegal or  
18.3 criminal act, nor any act that is a result of malfeasance or misfeasance.

18.4 (f) A charter school closure fund must be established and managed by the commissioner  
18.5 of education. The commissioner may charge the fund a management fee commensurate  
18.6 with the annual activity in the fund.

18.7 (g) The fund must be financed by a per-capita pupil fee paid by all charter schools. Until  
18.8 the fund reaches a cap of \$200,000, the per-capita pupil fee shall be \$1 per pupil annually.  
18.9 Upon the fund reaching the \$200,000 cap, the annual per-capita pupil fee shall equal the  
18.10 per-pupil amount needed to maintain the fund at \$200,000. The commissioner may deduct  
18.11 the annual fee from a charter school aid payment in the month of February based on the  
18.12 number of pupils enrolled in charter schools on October 1 of the previous year, and transfer  
18.13 the funding to the charter school closure fund. When an authorizer ceases to authorize  
18.14 schools, the authorizer must transfer any remaining balance from authorizer fees to the fund.

18.15 (h) Funds from the charter school closure fund may only be authorized and used for the  
18.16 following expenses: the cost of the external audits necessary for the school closure process;  
18.17 the cost of liability insurance for the school corporation during the closure process; legal  
18.18 costs for the dissolution of the school corporation; and the trustee's fee, negotiated upon  
18.19 appointment. The charter school closure fund must not be used for any other expenses  
18.20 related to the closed school and may only be requested after all other school funds and assets  
18.21 of the closed school have been expended. No more than \$70,000 may be expended from  
18.22 the fund for an individual school closure process. The trustee may request funding to cover  
18.23 the authorized expenditures, except the trustee's fee must be requested by the charter school's  
18.24 board of directors or the authorizer if the board of directors is nonoperative.

18.25 (i) A Charter School Closure Fund Committee must approve any distribution from the  
18.26 fund and establish the amount to assess schools to replenish the fund. The committee must  
18.27 be composed of three members: one appointed by the Minnesota Association of Charter  
18.28 Schools, one appointed by the Minnesota Association of Charter School Authorizers, and  
18.29 one appointed by the commissioner.

18.30 (j) The commissioner must issue an annual report on the income and expenditures of  
18.31 the fund by September 30 to all charter schools.

18.32 (k) If a charter school board of directors files for bankruptcy upon a final decision to  
18.33 close the school, the bankruptcy trustee appointed by the bankruptcy court shall have the  
18.34 authority to activate and execute the closure plan in the charter school contract.

19.1 Sec. 19. Minnesota Statutes 2018, section 124E.11, is amended to read:

19.2 **124E.11 ADMISSION REQUIREMENTS AND ENROLLMENT.**

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

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

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

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

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

19.18 (c) A charter school ~~shall~~ must give enrollment preference to a sibling of an enrolled  
19.19 pupil and to a foster child of that pupil's parents and may give preference for enrolling  
19.20 children of the school's staff who are eligible for employment benefits before accepting  
19.21 other pupils by lot. A charter school that is located in Duluth township in St. Louis County  
19.22 and admits students in kindergarten through grade 6 must give enrollment preference to  
19.23 students residing within a five-mile radius of the school and to the siblings of enrolled  
19.24 children. A charter school may give enrollment preference to children currently enrolled in  
19.25 the school's free preschool or prekindergarten program under section 124E.06, subdivision  
19.26 3, paragraph (b), who are eligible to enroll in kindergarten in the next school year.

19.27 (d) A ~~person shall~~ child must not be admitted to a charter school (1) as a kindergarten  
19.28 pupil, unless the pupil is at least five years of age on September 1 of the calendar year in  
19.29 which the school year for which the pupil seeks admission commences; or (2) as a first  
19.30 grade student, unless the pupil is at least six years of age on September 1 of the calendar  
19.31 year in which the school year for which the pupil seeks admission commences or has  
19.32 completed kindergarten; except that a charter school may establish and publish on its website

20.1 a policy for admission of selected pupils at an earlier age, consistent with the enrollment  
20.2 process in paragraphs (b) and (c).

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

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

20.11 (g) Once a student is enrolled in the school, the student is considered enrolled in the  
20.12 school until the ~~student formally withdraws~~ school receives a request for the transfer of  
20.13 educational records from another school, or written election by the parent or legal guardian  
20.14 of the withdrawing student, or is expelled under the Pupil Fair Dismissal Act in sections  
20.15 121A.40 to 121A.56.

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

20.22 Sec. 20. Minnesota Statutes 2018, section 124E.12, subdivision 2, is amended to read:

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

20.32 (b) ~~The board of directors and an individual who does not hold a valid administrative~~  
20.33 ~~license and who serves in an administrative, supervisory, or instructional leadership position~~

21.1 ~~shall develop a professional development plan. The school's annual report must include~~  
 21.2 ~~public personnel information documenting the professional development plan.~~

21.3 (a) A charter school board of directors must establish qualifications for all persons who  
 21.4 hold administrative, supervisory, or instructional leadership positions. The qualifications  
 21.5 must include a requirement that a person hold a minimum of a four-year degree from an  
 21.6 accredited institution that includes education on the following: instruction and assessment,  
 21.7 curriculum design, human resource and personnel management, professional ethics, child  
 21.8 development, financial management, legal and compliance management, special education  
 21.9 oversight, contract management, effective communication, cultural competency, board and  
 21.10 authorizer relationships, parent relationships, and community partnerships. A charter school  
 21.11 board of directors must use those qualifications as the basis for the job description, hiring,  
 21.12 and performance evaluation of the charter school director. The charter school director must  
 21.13 use those qualifications as the basis for the job descriptions, hiring, and performance review  
 21.14 for the administrative, supervisory, and instructional leaders who report to the charter school  
 21.15 director.

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

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

21.33 (d) The training a person must complete under paragraphs (b) and (c) may not be  
 21.34 self-instructional. The organization or instructor providing the training must certify successful  
 21.35 completion of the training. The person must submit the certification of successful completion

22.1 of training to the charter school board of directors and certifications must be maintained in  
 22.2 the personnel file. Successful completion of requisite training must be a component of  
 22.3 annual performance evaluations.

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

22.6 (f) No charter school administrator may serve as a paid administrator or consultant with  
 22.7 another charter school without the knowledge and approval of the board of directors of the  
 22.8 charter schools involved in such an arrangement.

22.9 Sec. 21. Minnesota Statutes 2018, section 124E.14, is amended to read:

22.10 **124E.14 CONFLICTS OF INTEREST.**

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

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

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

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

22.17 (4) an organization that employs, or is about to employ any individual in clauses (1) to  
 22.18 (3),

22.19 has a financial or other interest in the entity with which the charter school is contracting. A  
 22.20 violation of this prohibition renders the contract void.

22.21 (b) The conflict of interest provisions under this section do not apply to compensation  
 22.22 paid to a teacher employed as a teacher by the charter school or a teacher who provides  
 22.23 instructional services to the charter school through a cooperative formed under chapter  
 22.24 308A when the teacher also serves on the charter school board of directors.

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

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

23.1 Sec. 22. Minnesota Statutes 2018, section 124E.16, is amended to read:

23.2 **124E.16 REPORTS.**

23.3 Subdivision 1. **Audit report.** (a) A charter school is subject to the same financial audits,  
 23.4 audit procedures, and audit requirements as a district, except as required under this  
 23.5 subdivision. Audits must be conducted in compliance with generally accepted governmental  
 23.6 auditing standards, the federal Single Audit Act, if applicable, and section 6.65 governing  
 23.7 auditing procedures. A charter school is subject to and must comply with sections 15.054;  
 23.8 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06 governing government property  
 23.9 and financial investments; and sections 471.38; 471.391; 471.392; and 471.425 governing  
 23.10 municipal contracting. The audit must comply with the requirements of sections 123B.75  
 23.11 to 123B.83 governing school district finance, except when the commissioner and authorizer  
 23.12 approve a deviation made necessary because of school program finances. The commissioner,  
 23.13 state auditor, legislative auditor, or authorizer may conduct financial, program, or compliance  
 23.14 audits. A charter school in statutory operating debt under sections 123B.81 to 123B.83 must  
 23.15 submit a plan under section 123B.81, subdivision 4.

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

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

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

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

24.7 Subd. 2. **Annual public reports.** (a) A charter school must publish an annual report  
 24.8 approved by the board of directors. The annual report must at least include information on  
 24.9 school enrollment, student attrition, governance and management, staffing, finances,  
 24.10 management agreements with a CMO or EMO, academic performance, innovative practices  
 24.11 and implementation, and future plans. A charter school may combine this report with the  
 24.12 reporting required under section 120B.11 governing the world's best workforce. A charter  
 24.13 school must post the annual report on the school's official website. A charter school also  
 24.14 must distribute the annual report by publication, mail, or electronic means to its authorizer,  
 24.15 school employees, and parents and legal guardians of students enrolled in the charter school.  
 24.16 The reports are public data under chapter 13.

24.17 (b) An authorizer must submit an annual public report in a manner specified by the  
 24.18 commissioner by January 15 for the previous school year ending June 30 that shall at least  
 24.19 include key indicators of school academic, operational, and financial performance. The  
 24.20 report is part of the system to evaluate authorizer performance under section 124E.05,  
 24.21 subdivision 5.

24.22 Subd. 3. **Public accounting and reporting CMO and EMO agreements.** (a) A charter  
 24.23 school that enters into a management agreement with a CMO or EMO must:

24.24 (1) publish on its website for at least 20 business days the proposed final agreement for  
 24.25 public review and comment before the school board may adopt the contract or agreement.  
 24.26 Any changes made to the posted agreement during the public review period or any proposed  
 24.27 amendments to the agreement once adopted must be posted for 20 business days before the  
 24.28 board may adopt the amendments to the contract;

24.29 (2) annually publish on its website a statement of assurance that no member of the school  
 24.30 board, staff, or any agent of the school has been promised or received any form of  
 24.31 compensation or gifts from the CMO or EMO and that no board member, employee, or  
 24.32 agent of the CMO or EMO or any of the organization affiliates or providers serve on the  
 24.33 charter school board; and



25.1 (3) conduct an independent review and evaluation of the services provided by the CMO  
25.2 or EMO and publish the evaluation on the school's website at least 30 business days before  
25.3 the end of the current contract.

25.4 (b) A management agreement with a CMO or EMO must contain the following:

25.5 (1) the term of the contract, not to exceed five years;

25.6 (2) the total dollar value of the contract including the annual projected costs of services;

25.7 (3) a description and terms of the services to be provided during the term of the contract;

25.8 (4) notice that a charter school closure during the term of the contract by action of the  
25.9 authorizer or the school's board results in the balance of the current contract becoming null  
25.10 and void;

25.11 (5) an annual statement of assurance to the charter school board that the CMO or EMO  
25.12 provided no compensation or gifts to any charter school board member, staff member, or  
25.13 agent of the charter school;

25.14 (6) an annual statement of assurance that no charter school board member, employee,  
25.15 contractor, or agent of the CMO or EMO or any affiliated organization is a board member  
25.16 of the charter school or any other charter school;

25.17 (7) the policies and protocols that meet federal and state laws regarding student and  
25.18 personnel data collection, usage, access, retention, disclosure and destruction, and  
25.19 indemnification and warranty provisions in case of data breaches by the CMO or EMO;

25.20 (8) the CMO or EMO must annually provide the charter school board a financial report  
25.21 by July 31 that accounts for income and expenditures for the previous fiscal year using the  
25.22 account categories in uniform financial accounting and reporting standards; and

25.23 (9) an annual assurance that all assets purchased on behalf of the charter school using  
25.24 public funds remain assets of the school.

25.25 (c) Any agreement with a CMO or EMO containing any of the following provisions is  
25.26 null and void:

25.27 (1) restrictions on the charter school's ability to operate a school upon termination of  
25.28 the agreement;

25.29 (2) restrictions on the annual or total amount of the school's operating surplus or fund  
25.30 balance;

26.1 (3) authorization to allow a CMO or EMO to withdraw funds from a charter school  
 26.2 account; or

26.3 (4) authorization to allow a CMO or EMO to loan funds to the charter school.

26.4 (d) A CMO or EMO or its affiliates, employees, or agents may not contract with, be  
 26.5 employed by, or serve on the board of an authorizer. An authorizer or its affiliates, employees,  
 26.6 or agents may not contract with, be employed by, serve as a paid consultant for, or serve as  
 26.7 a board member of a CMO or EMO.

26.8 Sec. 23. Minnesota Statutes 2018, section 124E.17, subdivision 1, is amended to read:

26.9 Subdivision 1. **Charter school information.** ~~(a) Charter schools must disseminate~~  
 26.10 ~~information about how to use the charter school offerings to targeted groups, among others.~~  
 26.11 ~~Targeted groups include low-income families and communities, students of color, and~~  
 26.12 ~~students who are at risk of academic failure. A charter school must conduct outreach and~~  
 26.13 disseminate information on the school's offerings and enrollment procedure to families that  
 26.14 reflect the diversity of Minnesota's population and targeted groups. Targeted groups include  
 26.15 low-income families and communities, students of color, students at risk of academic failure,  
 26.16 and students underrepresented in the school's student body relative to Minnesota's population.  
 26.17 A charter school must document its ongoing outreach and information dissemination activities  
 26.18 in the charter school's annual report and must be a component of the authorizer's performance  
 26.19 review of the school.

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