

88.3 Section 1. Minnesota Statutes 2012, section 124D.10, is amended to read:

88.4 **124D.10 CHARTER SCHOOLS.**

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

88.6 ~~(1)~~ improve pupil learning and student achievement; Additional purposes include to:

88.7 ~~(2)~~ (1) increase learning opportunities for pupils;

88.8 ~~(3)~~ (2) encourage the use of different and innovative teaching methods;

88.9 ~~(4)~~ (3) measure learning outcomes and create different and innovative forms of  
88.10 measuring outcomes;

88.11 ~~(5)~~ (4) establish new forms of accountability for schools; and or

88.12 ~~(6)~~ (5) create new professional opportunities for teachers, including the opportunity  
88.13 to be responsible for the learning program at the school site.

88.14 (b) This section does not provide a means to keep open a school that a school board  
88.15 decides to close. However, a school board may endorse or authorize the establishing of  
88.16 a charter school to replace the school the board decided to close. Applicants seeking a  
88.17 charter under this circumstance must demonstrate to the authorizer that the charter sought  
88.18 is substantially different in purpose and program from the school the board closed and  
88.19 that the proposed charter satisfies the requirements of this subdivision. If the school  
88.20 board that closed the school authorizes the charter, it must document in its affidavit to the  
88.21 commissioner that the charter is substantially different in program and purpose from  
88.22 the school it closed.

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

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

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

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

88.34 "Application" under subdivision 4 means the charter school business plan a  
88.35 school developer submits to an authorizer for approval to establish a charter school that  
89.1 documents the school developer's mission statement, school purposes, program design,  
89.2 financial plan, governance and management structure, and background and experience,

89.3 plus any other information the authorizer requests. The application also shall include a  
89.4 "statement of assurances" of legal compliance prescribed by the commissioner.

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

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

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

89.11 (2) a charitable organization under section 501(c)(3) of the Internal Revenue Code  
89.12 of 1986, excluding a nonpublic sectarian or religious institution; any person other than a  
89.13 natural person that directly or indirectly, through one or more intermediaries, controls,  
89.14 is controlled by, or is under common control with the nonpublic sectarian or religious  
89.15 institution; and any other charitable organization under this clause that in the federal IRS  
89.16 Form 1023, Part IV, describes activities indicating a religious purpose, that:

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

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

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

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

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

89.32 (5) single-purpose authorizers that are charitable, nonsectarian organizations formed  
89.33 under section 501(c)(3) of the Internal Revenue Code of 1986 and incorporated in the  
89.34 state of Minnesota under chapter 317A as a corporation with no members whose sole  
89.35 purpose is to charter schools. Eligible organizations interested in being approved as an  
89.36 authorizer under this paragraph must submit a proposal to the commissioner that includes  
90.1 the provisions of paragraph (c) and a five-year financial plan. Such authorizers shall  
90.2 consider and approve charter school applications using the criteria provided in subdivision

90.3 4 and shall not limit the applications it solicits, considers, or approves to any single  
90.4 curriculum, learning program, or method.

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

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

90.23 (d) An applicant must include in its application to the commissioner to be an  
90.24 approved authorizer at least the following:

- 90.25 (1) how chartering schools is a way for the organization to carry out its mission;
- 90.26 (2) a description of the capacity of the organization to serve as an authorizer,  
90.27 including the personnel who will perform the authorizing duties, their qualifications, the  
90.28 amount of time they will be assigned to this responsibility, and the financial resources  
90.29 allocated by the organization to this responsibility;
- 90.30 (3) a description of the application and review process the authorizer will use to  
90.31 make decisions regarding the granting of charters;
- 90.32 (4) a description of the type of contract it will arrange with the schools it charters  
90.33 that meets the provisions of subdivision 6;
- 90.34 (5) the process to be used for providing ongoing oversight of the school consistent  
90.35 with the contract expectations specified in clause (4) that assures that the schools chartered  
90.36 are complying with both the provisions of applicable law and rules, and with the contract;
- 91.1 (6) a description of the criteria and process the authorizer will use to grant expanded  
91.2 applications under subdivision 4, paragraph (j);

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

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

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

91.11 (f) If the governing board of an approved authorizer votes to withdraw as an  
91.12 approved authorizer for a reason unrelated to any cause under subdivision 23, the  
91.13 authorizer must notify all its chartered schools and the commissioner in writing by July  
91.14 15 of its intent to withdraw as an authorizer on June 30 in the next calendar year. The  
91.15 commissioner may approve the transfer of a charter school to a new authorizer under this  
91.16 paragraph after the new authorizer submits an affidavit to the commissioner.

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

91.18 ~~(h) An authorizer that chartered a school before August 1, 2009, must apply by~~  
91.19 ~~June 30, 2012, to the commissioner for approval, under paragraph (e), to continue as an~~  
91.20 ~~authorizer under this section. For purposes of this paragraph, an authorizer that fails to~~  
91.21 ~~submit a timely application is ineligible to charter a school.~~

91.22 ~~(h)~~ (h) The commissioner shall review an authorizer's performance every five years  
91.23 in a manner and form determined by the commissioner and may review an authorizer's  
91.24 performance more frequently at the commissioner's own initiative or at the request of a  
91.25 charter school operator, charter school board member, or other interested party. The  
91.26 commissioner, after completing the review, shall transmit a report with findings to the  
91.27 authorizer. If, consistent with this section, the commissioner finds that an authorizer has  
91.28 not fulfilled the requirements of this section, the commissioner may subject the authorizer  
91.29 to corrective action, which may include terminating the contract with the charter school  
91.30 board of directors of a school it chartered. The commissioner must notify the authorizer  
91.31 in writing of any findings that may subject the authorizer to corrective action and  
91.32 the authorizer then has 15 business days to request an informal hearing before the  
91.33 commissioner takes corrective action. If the commissioner terminates a contract between  
91.34 an authorizer and a charter school under this paragraph, the commissioner may assist the  
91.35 charter school in acquiring a new authorizer.

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

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

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

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

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

92.10 Subd. 4. **Formation of school.** (a) An authorizer, after receiving an application from  
92.11 a school developer, may charter a licensed teacher under section 122A.18, subdivision  
92.12 1, or a group of individuals that includes one or more licensed teachers under section  
92.13 122A.18, subdivision 1, to operate a school subject to the commissioner's approval of the  
92.14 authorizer's affidavit under paragraph (b). The school must be organized and operated as a  
92.15 nonprofit corporation under chapter 317A and the provisions under the applicable chapter  
92.16 shall apply to the school except as provided in this section.

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

92.20 (b) Before the operators may establish and operate a school, the authorizer must file  
92.21 an affidavit with the commissioner stating its intent to charter a school. An authorizer  
92.22 must file a separate affidavit for each school it intends to charter. The affidavit must state  
92.23 the terms and conditions under which the authorizer would charter a school and how the  
92.24 authorizer intends to oversee the fiscal and student performance of the charter school and to  
92.25 comply with the terms of the written contract between the authorizer and the charter school  
92.26 board of directors under subdivision 6. The commissioner must approve or disapprove the  
92.27 authorizer's affidavit within 60 business days of receipt of the affidavit. If the commissioner  
92.28 disapproves the affidavit, the commissioner shall notify the authorizer of the deficiencies  
92.29 in the affidavit and the authorizer then has 20 business days to address the deficiencies.  
92.30 If the authorizer does not address deficiencies to the commissioner's satisfaction, the  
92.31 commissioner's disapproval is final. Failure to obtain commissioner approval precludes an  
92.32 authorizer from chartering the school that is the subject of this affidavit.

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

93.1 (d) The operators authorized to organize and operate a school, before entering into  
93.2 a contract or other agreement for professional or other services, goods, or facilities,

93.3 must incorporate as a nonprofit corporation under chapter 317A and must establish a  
93.4 board of directors composed of at least five members who are not related parties until a  
93.5 timely election for members of the ongoing charter school board of directors is held  
93.6 according to the school's articles and bylaws under paragraph (f). A charter school board  
93.7 of directors must be composed of at least five members who are not related parties.  
93.8 Staff members employed at the school, including teachers providing instruction under a  
93.9 contract with a cooperative, members of the board of directors, and all parents or legal  
93.10 guardians of children enrolled in the school are the voters eligible to elect the members  
93.11 of the school's board of directors. A charter school must notify eligible voters of the  
93.12 school board election dates at least 30 days before the election. Board of director meetings  
93.13 must comply with chapter 13D.

93.14 (e) A charter school shall publish and maintain on the school's official Web site: (1)  
93.15 the minutes of meetings of the board of directors, and of members and committees having  
93.16 any board-delegated authority, for at least one calendar year from the date of publication;  
93.17 (2) directory information for members of the board of directors and committees having  
93.18 board-delegated authority; and (3) identifying and contact information for the school's  
93.19 authorizer. Identifying and contact information for the school's authorizer must be  
93.20 included in other school materials made available to the public. Upon request of an  
93.21 individual, the charter school must also make available in a timely fashion financial  
93.22 statements showing all operations and transactions affecting income, surplus, and deficit  
93.23 during the school's last annual accounting period; and a balance sheet summarizing assets  
93.24 and liabilities on the closing date of the accounting period. A charter school also must ~~post~~  
93.25 ~~on its official Web site information identifying its authorizer and indicate how to contact~~  
93.26 ~~that authorizer and~~ include that same information about its authorizer in other school  
93.27 materials that it makes available to the public.

93.28 (f) Every charter school board member shall attend ongoing annual training  
93.29 throughout the member's term on the board governance, including. All new board  
93.30 members shall attend initial training on the board's role and responsibilities, employment  
93.31 policies and practices, and financial management. A new board member who does not  
93.32 begin the required initial training within six months after being seated and complete that  
93.33 training within 12 months of being seated on the board is automatically ineligible to  
93.34 continue to serve as a board member. The school shall include in its annual report the  
93.35 training attended by each board member during the previous year.

94.1 (g) The ongoing board must be elected before the school completes its third year of  
94.2 operation. Board elections must be held during the school year but may not be conducted  
94.3 on days when the school is closed for holidays, breaks, or vacations. The charter school

94.4 board of directors shall be composed of at least five nonrelated members and include: (i)  
94.5 at least one licensed teacher employed as a teacher at the school or ~~a licensed teacher~~  
94.6 providing instruction under contract between the charter school and a cooperative; (ii) ~~the~~  
94.7 at least one parent or legal guardian of a student enrolled in the charter school who is not an  
94.8 employee of the charter school; and (iii) ~~an~~ at least one interested community member who  
94.9 resides in Minnesota and is not employed by the charter school and does not have a child  
94.10 enrolled in the school. The board ~~may be a teacher majority board composed~~ may include  
94.11 a majority of teachers described in this paragraph or parents or community members, or it  
94.12 may have no clear majority. The chief financial officer and the chief administrator may only  
94.13 serve as ex-officio nonvoting board members ~~and may not serve as a voting member of the~~  
94.14 ~~board~~. No charter school employees shall ~~not~~ serve on the board unless other than teachers  
94.15 under item (i) applies. Contractors providing facilities, goods, or services to a charter  
94.16 school shall not serve on the board of directors of the charter school. Board bylaws shall  
94.17 outline the process and procedures for changing the board's governance ~~model~~ structure,  
94.18 consistent with chapter 317A. A board may change its governance ~~model~~ structure only:  
94.19 (1) by a majority vote of the board of directors and a majority vote of the licensed  
94.20 teachers employed by the school as teachers, including licensed teachers providing  
94.21 instruction under a contract between the school and a cooperative; and  
94.22 (2) with the authorizer's approval.  
94.23 Any change in board governance structure must conform with the composition of  
94.24 the board structure established under this paragraph.  
94.25 (h) The granting or renewal of a charter by an authorizer must not be conditioned  
94.26 upon the bargaining unit status of the employees of the school.  
94.27 (i) The granting or renewal of a charter school by an authorizer must not be  
94.28 contingent on the charter school being required to contract,  
94.29 lease, or purchase services from the authorizer. Any  
94.30 potential contract, ~~lease~~, or purchase of service from an authorizer must be disclosed to  
94.31 the commissioner, accepted through an open bidding process, and be a separate contract  
94.32 from the charter contract. The school must document the open bidding  
94.33 process. An authorizer must not enter into a contract to provide  
95.1 management and financial services for a school that it authorizes, unless the school  
95.2 documents that it received at least two competitive bids.  
95.3 (j) An authorizer may permit the board of directors of a charter school to expand  
95.4 the operation of the charter school to additional sites or ~~to add additional~~ grades at the  
95.5 school beyond those described in the authorizer's original affidavit as approved by  
95.6 the commissioner only after submitting a supplemental affidavit for approval to the

95.7 commissioner in a form and manner prescribed by the commissioner. The supplemental  
95.8 affidavit must document that:

95.9 (1) the proposed expansion plan demonstrates need and projected enrollment;

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

95.13 (3) the charter school is financially sound and the financing it needs to implement  
95.14 the proposed expansion exists; and

95.15 (4) the charter school has the governance structure and management capacity to  
95.16 carry out its expansion.

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

95.23 Subd. 4a. **Conflict of interest.** (a) An individual is prohibited from serving as a  
95.24 member of the charter school board of directors if the individual, an immediate family  
95.25 member, or the individual's partner is ~~an a full or part owner, employee or agent of, or~~ or  
95.26 ~~a contractor~~ principal with a for-profit or nonprofit entity or individual independent  
95.27 contractor with whom the charter school contracts, directly or indirectly, for professional  
95.28 services, goods, or facilities. An individual is prohibited from serving as a board member  
95.29 if an immediate family member is an employee of the  
school. A violation of this prohibition renders a contract  
95.32 voidable at the option of the commissioner or the charter school board of directors. A  
95.33 member of a charter school board of directors who violates this prohibition is individually  
95.34 liable to the charter school for any damage caused by the violation.

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

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

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

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

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



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

96.10 A violation of this prohibition renders the contract void.

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

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

96.17 (e) The conflict of interest provisions under this subdivision do not apply to  
 96.18 compensation paid to a teacher employed as a teacher by the charter school ~~who~~ or a  
 96.19 teacher who provides instructional services to the charter school through a cooperative  
 96.20 formed under chapter 308A when the teacher also serves as a member of on the charter  
 96.21 school board of directors.

96.22 ~~(f) The conflict of interest provisions under this subdivision do not apply to a teacher~~  
 96.23 ~~who provides services to a charter school through a cooperative formed under chapter~~  
 96.24 ~~308A when the teacher also serves on the charter school board of directors.~~

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

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

96.35 (1) a declaration that the charter school will carry out the primary purpose in  
 96.36 subdivision 1 and how the school will report its implementation of the primary purpose;

97.1 ~~(1)~~ (2) a declaration of the additional purpose  
 97.2 or purposes in subdivision 1 that the school  
 97.3 intends to carry out and how the school will report its implementation of those purposes;

97.4 ~~(2)~~ (3) a description of the school program and the specific academic and  
 97.5 nonacademic outcomes that pupils must achieve;

97.6 ~~(3)~~ (4) a statement of admission policies and procedures;

~~(4)~~ (5) a governance, management, and administration plan for the school;

97.7 ~~(5)~~ (6) signed agreements from charter school board members to comply with all  
 97.8 federal and state laws governing organizational, programmatic, and financial requirements  
 97.9 applicable to charter schools;

97.10 ~~(6)~~ (7) the criteria, processes, and procedures that the authorizer will use for  
 97.11 ~~ongoing oversight of operational, financial, and academic performance to monitor and~~  
 97.12 ~~evaluate the fiscal, operational, and academic performance consistent with subdivision~~  
 97.13 ~~15, paragraphs (a) and (b);~~

97.14 ~~(7)~~ (8) for contract renewal, the formal written performance evaluation of the school  
 97.15 that is a prerequisite for reviewing a charter contract under subdivision 15;

97.16 ~~(8)~~ (9) types and amounts of insurance liability coverage to be obtained by the  
 97.17 charter school, consistent with subdivision 8, paragraph (k);

97.18 ~~(9)~~ (10) consistent with subdivision 25, paragraph (d), a provision to indemnify and  
 97.19 hold harmless the authorizer and its officers, agents, and employees from any suit, claim,  
 97.20 or liability arising from any operation of the charter school, and the commissioner and  
 97.21 department officers, agents, and employees notwithstanding section 3.736;

97.22 ~~(10)~~ (11) the term of the initial contract, which may be up to five years plus an  
 97.23 additional preoperational planning year, and up to five years for a renewed contract or a  
 97.24 contract with a new authorizer after a transfer of authorizers, if warranted by the school's  
 97.25 academic, financial, and operational performance;

97.26 ~~(11)~~ (12) how the board of directors or the operators of the charter school will  
 97.27 provide special instruction and services for children with a disability under sections  
 97.28 125A.03 to 125A.24, and 125A.65, a description of the financial parameters within  
 97.29 which the charter school will operate to provide the special instruction and services to  
 97.30 children with a disability;

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

97.33 ~~(13) the specific conditions for contract renewal that identify performance under~~  
 97.34 ~~the primary purpose of subdivision 1 as the most important factor in determining contract~~  
 97.35 ~~renewal;~~

~~(14) the additional purposes under subdivision 1, paragraph (a), and related~~  
~~performance obligations under clause (7) contained in the charter contract as additional~~  
~~factors in determining contract renewal; and~~

98.1 ~~(13)~~ (15) the plan for an orderly closing of the school under chapter 317A, if  
 98.2 whether the closure is a termination for cause, a voluntary termination, or a nonrenewal  
 98.3 of the contract, ~~and~~ that includes establishing the responsibilities of the school board of  
 98.4 directors and the authorizer and notifying the commissioner, authorizer, school district in

98.5 which the charter school is located, and parents of enrolled students about the closure,  
 98.6 information and assistance sufficient to enable the student to reenroll in another school,  
 98.7 the transfer of student records to students' resident districts  
 98.8 under subdivision 8, paragraph (p), and procedures for closing  
 98.9 financial operations.

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

98.10 (b) The charter school, with the assistance of the auditor conducting the audit,  
 98.11 must include with the report, as supplemental information, a copy of all charter school  
 98.12 agreements for corporate management services, including parent company or other  
 98.13 administrative, financial, and staffing services. If the entity that provides the professional  
 98.14 services to the charter school is exempt from taxation under section 501 of the Internal  
 98.15 Revenue Code of 1986, that entity must file with the commissioner by February 15 a copy  
 98.16 of the annual return required under section 6033 of the Internal Revenue Code of 1986.

98.17 (c) A charter school independent audit report shall include audited financial data of  
 98.18 an affiliated building corporation or other component unit.

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

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

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

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

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

99.1 (d) A charter school must be nonsectarian in its programs, admission policies,  
 99.2 employment practices, and all other operations. An authorizer may not authorize a charter  
 99.3 school or program that is affiliated with a nonpublic sectarian school or a religious

99.4 institution. A charter school student must be released for religious instruction, consistent  
99.5 with section 120A.22, subdivision 12, clause (3).

99.6 (e) Charter schools must not be used as a method of providing education or  
99.7 generating revenue for students who are being home-schooled. This paragraph does not  
99.8 apply to shared time aid under section 126C.19.

99.9 (f) The primary focus of a charter school must be to provide a comprehensive  
99.10 program of instruction for at least one grade or age group from five through 18 years  
99.11 of age. Instruction may be provided to people younger than five years and older than  
99.12 18 years of age.

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

99.14 (h) A charter school is subject to and must comply with chapter 363A and section  
99.15 121A.04.

99.16 (i) A charter school is subject to and must comply with the Pupil Fair Dismissal  
99.17 Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee Law, sections  
99.18 123B.34 to 123B.39.

99.19 (j) A charter school is subject to the same financial audits, audit procedures, and  
99.20 audit requirements as a district, except as required under subdivision 6a. Audits must be  
99.21 conducted in compliance with generally accepted governmental auditing standards, the  
99.22 federal Single Audit Act, if applicable, and section 6.65. A charter school is subject  
99.23 to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04;  
99.24 118A.05; 118A.06; 471.38; 471.391; 471.392; and 471.425. The audit must comply with  
99.25 the requirements of sections 123B.75 to 123B.83, except to the extent deviations are  
99.26 necessary because of the program at the school. Deviations must be approved by the  
99.27 commissioner and authorizer. The Department of Education, state auditor, legislative  
99.28 auditor, or authorizer may conduct financial, program, or compliance audits. A charter  
99.29 school determined to be in statutory operating debt under sections 123B.81 to 123B.83  
99.30 must submit a plan under section 123B.81, subdivision 4.

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

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

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

100.1 (n) A charter school offering online courses or programs must comply with section  
100.2 124D.095.

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

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

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

100.9 (r) A charter school that provides school-sponsored youth athletic activities must  
100.10 comply with section 121A.38.

100.11 (s) A charter school is subject to and must comply with continuing truant notification  
100.12 under section 260A.03.

100.13 (t) A charter school must develop and implement a teacher evaluation and peer  
100.14 review process, under section 122A.40, subdivision 8, paragraph (b), clauses (2) to (12).

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

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

100.24 Subd. 9. **Admission requirements.** (a) A charter school may limit admission to:

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

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

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

100.30 (b) A charter school shall enroll an eligible pupil who submits a timely application,  
100.31 unless the number of applications exceeds the capacity of a program, class, grade level, or  
100.32 building. In this case, pupils must be accepted by lot. The charter school must develop  
100.33 and publish, including on its Web site, a lottery policy and process that it must use when  
100.34 accepting pupils by lot.

101.1 (c) A charter school shall give enrollment preference to a sibling of an enrolled pupil  
101.2 and to a foster child of that pupil's parents and may give preference for enrolling children  
101.3 of the school's staff before accepting other pupils by lot.

41.30 (d) A person shall not be admitted to a charter school (1) as a kindergarten pupil,  
41.31 unless the pupil is at least five years of age on September 1 of the calendar year in which  
41.32 the school year for which the pupil seeks admission commences; or (2) as a first grade  
41.33 student, unless the pupil is at least six years of age on September 1 of the calendar year in  
41.34 which the school year for which the pupil seeks admission commences or has completed

41.35 kindergarten; except that a charter school may establish and publish on its Web site a  
42.1 policy for admission of selected pupils at an earlier age, consistent with the enrollment  
42.2 process in paragraphs (b) and (c).

101.12 (e) Except as permitted in paragraph (d), a charter school may not limit admission  
101.13 to pupils on the basis of intellectual ability, measures of achievement or aptitude, or  
101.14 athletic ability and may not establish any criteria or requirements for admission that are  
101.15 inconsistent with this subdivision.

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

101.19 Subd. 10. **Pupil performance.** A charter school must design its programs to at  
101.20 least meet the outcomes adopted by the commissioner for public school students. In  
101.21 the absence of the commissioner's requirements, the school must meet the outcomes  
101.22 contained in the contract with the authorizer. The achievement levels of the outcomes  
101.23 contained in the contract may exceed the achievement levels of any outcomes adopted by  
101.24 the commissioner for public school students.

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

102.1 (b) A person, without holding a valid administrator's license, may perform  
102.2 administrative, supervisory, or instructional leadership duties. The board of directors shall  
102.3 establish qualifications for persons that hold administrative, supervisory, or instructional  
102.4 leadership roles. The qualifications shall include at least the following areas: instruction  
102.5 and assessment; human resource and personnel management; financial management;  
102.6 legal and compliance management; effective communication; and board, authorizer, and  
102.7 community relationships. The board of directors shall use those qualifications as the basis  
102.8 for job descriptions, hiring, and performance evaluations of those who hold administrative,  
102.9 supervisory, or instructional leadership roles. The board of directors and an individual

102.10 who does not hold a valid administrative license and who serves in an administrative,  
 102.11 supervisory, or instructional leadership position shall develop a professional development  
 102.12 plan. Documentation of the implementation of the professional development plan of these  
 102.13 persons shall be included in the school's annual report.

102.14 (c) The board of directors also shall decide and be responsible for policy matters  
 102.15 related to the operation of the school, including budgeting, curriculum programming,  
 102.16 personnel, and operating procedures. The board shall adopt a policy on nepotism in  
 102.17 employment. The board shall adopt personnel evaluation policies and practices that,  
 102.18 at a minimum:

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

102.20 (2) evaluate the execution of charter contract goals and commitments;

102.21 (3) evaluate student achievement, postsecondary and workforce readiness, and student  
 102.22 engagement and connection goals;

(4) establish a teacher evaluation process under subdivision 8, paragraph (t); and

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

102.24 Subd. 12. **Pupils with a disability.** A charter school must comply with sections  
 102.25 125A.02, 125A.03 to 125A.24, and 125A.65 and rules relating to the education of pupils  
 102.26 with a disability as though it were a district.

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

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

(b) The commissioner shall establish specifications for an authorizer's annual public  
report that is part of the system to evaluate authorizer performance under subdivision  
3, paragraph (h). The report shall at least include key indicators of school academic,  
operational, and financial performance.

103.3 Subd. 15. **Review and comment.** (a) The authorizer shall provide a formal written  
 103.4 evaluation of the school's performance before the authorizer renews the charter contract.

103.5 The department must review and comment on the authorizer's evaluation process at the  
103.6 time the authorizer submits its application for approval and each time the authorizer  
103.7 undergoes its five-year review under subdivision 3, paragraph (i).

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

103.12 (c) The fee that ~~each charter school pays to an authorizer each year~~ an authorizer  
103.13 may annually assess is the greater of:

103.13 (1) the basic formula allowance for that year; or

103.14 (2) the lesser of:

103.15 (i) the maximum fee factor times the basic formula allowance for that year; or

103.16 (ii) the fee factor times the basic formula allowance for that year times the charter  
103.17 school's adjusted ~~marginal-cost~~ pupil units for that year. The fee factor equals ~~.005 in fiscal~~  
103.18 ~~year 2010, .01 in fiscal year 2011, .013 in fiscal year 2012, and .015 in fiscal years 2013~~  
103.19 ~~and later~~. The maximum fee factor equals ~~1.5 in fiscal year 2010, 2.0 in fiscal year 2011,~~  
103.20 ~~3.0 in fiscal year 2012, and 4.0 in fiscal years 2013 and later~~.

103.21 (d) An authorizer may not assess a fee for any required services other than as  
103.22 provided in this subdivision.

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

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

103.29 Subd. 16. **Transportation.** (a) A charter school after its first fiscal year of operation  
103.30 by March 1 of each fiscal year and a charter school by July 1 of its first fiscal year of  
103.31 operation must notify the district in which the school is located and the Department of  
103.32 Education if it will provide its own transportation or use the transportation services of the  
103.33 district in which it is located for the fiscal year.

103.34 (b) If a charter school elects to provide transportation for pupils, the transportation  
103.35 must be provided by the charter school within the district in which the charter school is  
104.1 located. The state must pay transportation aid to the charter school according to section  
104.2 124D.11, subdivision 2.



104.3 For pupils who reside outside the district in which the charter school is located, the  
104.4 charter school is not required to provide or pay for transportation between the pupil's  
104.5 residence and the border of the district in which the charter school is located. A parent  
104.6 may be reimbursed by the charter school for costs of transportation from the pupil's  
104.7 residence to the border of the district in which the charter school is located if the pupil is  
104.8 from a family whose income is at or below the poverty level, as determined by the federal  
104.9 government. The reimbursement may not exceed the pupil's actual cost of transportation  
104.10 or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for  
104.11 more than 250 miles per week.

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

104.14 (c) If a charter school does not elect to provide transportation, transportation for  
104.15 pupils enrolled at the school must be provided by the district in which the school is  
104.16 located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a  
104.17 pupil residing in the same district in which the charter school is located. Transportation  
104.18 may be provided by the district in which the school is located, according to sections  
104.19 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in a different  
104.20 district. If the district provides the transportation, the scheduling of routes, manner and  
104.21 method of transportation, control and discipline of the pupils, and any other matter relating  
104.22 to the transportation of pupils under this paragraph shall be within the sole discretion,  
104.23 control, and management of the district.

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

105.1 Subd. 17a. **Affiliated nonprofit building corporation.** (a) Before a charter school  
105.2 may organize an affiliated nonprofit building corporation (i) to renovate or purchase an  
105.3 existing facility to serve as a school or (ii) to expand an existing building or construct  
105.4 a new school facility, an authorizer must submit an affidavit to the commissioner for  
105.5 approval in the form and manner the commissioner prescribes, and consistent with  
105.6 paragraphs (b) and (c) or (d).

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

105.8 (1) be incorporated under section 317A;

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

105.11 (3) submit to the commissioner each fiscal year a list of current board members  
105.12 and a copy of its annual audit; and

105.13 (4) comply with government data practices law under chapter 13.

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

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

105.21 (1) has been operating for at least five consecutive school years;

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

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

105.25 (4) completes a feasibility study of available buildings;

105.26 (5) documents enrollment projections and the need to use an affiliated building  
105.27 corporation to renovate or purchase an existing facility to serve as a school; and

105.28 (6) has a plan for the renovation or purchase, which describes the parameters and  
105.29 budget for the project.

105.30 (d) A charter school may organize an affiliated nonprofit building corporation to  
105.31 expand an existing school facility or construct a new school facility if the charter school:

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

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

105.34 (3) has had a net positive unreserved general fund balance as of June 30 in the  
105.35 preceding five fiscal years;

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

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

106.3 (6) has a plan for the expansion or new school facility, which describes the  
106.4 parameters and budget for the project.

106.5 Subd. 17b. Positive review and comment. (e) A charter school or an affiliated  
106.6 nonprofit building corporation organized by a charter school must not initiate an  
106.7 installment contract for purchase, or a lease agreement, or solicit bids for new construction,  
106.8 expansion, or remodeling of an educational facility that requires an expenditure in  
106.9 excess of \$1,400,000, unless it meets the criteria in subdivision 17a, paragraph (b) and

106.10 paragraph (c) or (d), as applicable, and receives a positive review and comment from  
106.11 the commissioner under section 123B.71.

106.12 Subd. 19. **Disseminate information.** (a) ~~The authorizer, the operators,~~ Authorizers  
106.13 and the department must disseminate information to the public on how to form and  
106.14 operate a charter school. Charter schools must disseminate information about how to  
106.15 use the offerings of a charter school. Targeted groups include low-income families and  
106.16 communities, students of color, and students who are at risk of academic failure.

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

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

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

106.33 Subd. 21. **Collective bargaining.** Employees of the board of directors of a charter  
106.34 school may, if otherwise eligible, organize under chapter 179A and comply with its  
106.35 provisions. The board of directors of a charter school is a public employer, for the  
106.36 purposes of chapter 179A, upon formation of one or more bargaining units at the school.  
107.1 Bargaining units at the school must be separate from any other units within an authorizing  
107.2 district, except that bargaining units may remain part of the appropriate unit within an  
107.3 authorizing district, if the employees of the school, the board of directors of the school,  
107.4 the exclusive representative of the appropriate unit in the authorizing district, and the  
107.5 board of the authorizing district agree to include the employees in the appropriate unit of  
107.6 the authorizing district.

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

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

107.11 Subd. 23. **Causes for nonrenewal or termination of charter school contract.** (a)  
107.12 The duration of the contract with an authorizer must be for the term contained in the  
107.13 contract according to subdivision 6. The authorizer may or may not renew a contract at  
107.14 the end of the term for any ground listed in paragraph (b). An authorizer may unilaterally  
107.15 terminate a contract during the term of the contract for any ground listed in paragraph (b).  
107.16 At least 60 business days before not renewing or terminating a contract, the authorizer  
107.17 shall notify the board of directors of the charter school of the proposed action in writing.  
107.18 The notice shall state the grounds for the proposed action in reasonable detail and that the  
107.19 charter school's board of directors may request in writing an informal hearing before the  
107.20 authorizer within 15 business days of receiving notice of nonrenewal or termination of  
107.21 the contract. Failure by the board of directors to make a written request for an informal  
107.22 hearing within the 15-business-day period shall be treated as acquiescence to the proposed  
107.23 action. Upon receiving a timely written request for a hearing, the authorizer shall give ten  
107.24 business days' notice to the charter school's board of directors of the hearing date. The  
107.25 authorizer shall conduct an informal hearing before taking final action. The authorizer  
107.26 shall take final action to renew or not renew a contract no later than 20 business days  
107.27 before the proposed date for terminating the contract or the end date of the contract.

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

- 107.29 (1) failure to ~~meet~~ demonstrate satisfactory academic achievement for all  
107.30 students, including the requirements for pupil performance contained in the contract;
- 107.31 (2) failure to meet generally accepted standards of fiscal management;
- 107.32 (3) violations of law; or
- 107.33 (4) other good cause shown.

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

108.1 ~~(c) If the authorizer and the charter school board of directors mutually agree to~~  
108.2 ~~terminate or not renew the contract, a change in authorizers is allowed if the commissioner~~  
108.3 ~~approves the change to a different eligible authorizer to authorize the charter school.~~  
108.4 ~~Both parties must jointly submit their intent in writing to the commissioner to mutually~~  
108.5 ~~terminate the contract. The authorizer that is a party to the existing contract must inform~~  
108.6 ~~the proposed authorizer about the fiscal and operational status and student performance~~  
108.7 ~~of the school. Before the commissioner determines whether to approve a change in~~  
108.8 ~~authorizer, the proposed authorizer must identify any outstanding issues in the proposed~~  
108.9 ~~charter contract that were unresolved in the previous charter contract and have the charter~~

108.10 ~~school agree to resolve those issues. If no change in authorizer is approved, the school~~  
 108.11 ~~must be dissolved according to applicable law and the terms of the contract.~~

108.12 (c) If the authorizer and the charter school board of directors mutually agree not to  
 108.13 renew the contract, a change in authorizers is allowed. The authorizer and the school  
 108.14 board must jointly submit a written and signed letter of their intent to the commissioner  
 108.15 to mutually not renew the contract. The authorizer that is a party to the existing contract  
 108.16 must inform the proposed authorizer about the fiscal, operational, and student performance  
 108.17 status of the school, as well as any outstanding contractual obligations that exist. The  
 108.18 charter contract between the proposed authorizer and the school must identify and provide  
 108.19 a plan to address any outstanding obligations from the previous contract. The proposed  
 108.20 contract must be submitted at least 105 business days before the end of the existing  
 108.21 charter contract. The commissioner shall have 30 business days to review and make a  
 108.22 determination. The proposed authorizer and the school shall have 15 business days to  
 108.23 respond to the determination and address any issues identified by the commissioner. A  
 108.24 final determination by the commissioner shall be made no later than 45 business days  
 108.25 before the end of the current charter contract. If no change in authorizer is approved, the  
 108.26 school and the current authorizer may withdraw their letter of nonrenewal and enter into a  
 108.27 new contract. If the transfer of authorizers is not approved and the current authorizer and  
 108.28 the school do not withdraw their letter and enter into a new contract, the school must be  
 108.29 dissolved according to applicable law and the terms of the contract.

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

- 108.34 (1) failure to meet pupil performance requirements consistent with state law;  
 108.35 (2) financial mismanagement or failure to meet generally accepted standards of  
 108.36 fiscal management; or  
 109.1 (3) repeated or major violations of the law.

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

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

- 109.7 (1) "related party" means an affiliate or immediate relative of the other party in  
 109.8 question, an affiliate of an immediate relative, or an immediate relative of an affiliate;

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

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

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

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

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

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

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

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

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

110.1 (c) The commissioner, an authorizer, members of the board of an authorizer in  
110.2 their official capacity, and employees of an authorizer are immune from civil or criminal  
110.3 liability with respect to all activities related to a charter school they approve or authorize.  
110.4 The board of directors shall obtain at least the amount of and types of insurance up to the  
110.5 applicable tort liability limits under chapter 466. The charter school board must submit  
110.6 a copy of the insurance policy to its authorizer ~~and the commissioner~~ before starting  
110.7 operations. The charter school board must submit changes in its insurance carrier or policy  
110.8 to its authorizer ~~and the commissioner~~ within 20 business days of the change.

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

110.30 Subd. 27. **Collaboration between charter school and school district.** (a) A charter  
110.31 school board may voluntarily enter into a two-year, renewable agreement for collaboration  
110.32 to enhance student achievement with a school district within whose geographic boundary  
110.33 it operates.

110.34 (b) A school district need not be an approved authorizer to enter into a collaboration  
110.35 agreement with a charter school. A charter school need not be authorized by the school  
110.36 district with which it seeks to collaborate.

111.1 (c) A charter school authorizer is prohibited from requiring a collaboration agreement  
111.2 as a condition of entering into or renewing a charter contract as defined in subdivision 6.

111.3 (d) Nothing in this subdivision or in the collaboration agreement may impact in any  
111.4 way the authority or autonomy of the charter school.

111.5 (e) Nothing in this subdivision or in the collaboration agreement shall cause the state  
111.6 to pay twice for the same student, service, or facility or otherwise impact state funding, or  
111.7 the flow thereof, to the school district or the charter school.

111.8 (f) The collaboration agreement may include, but need not be limited to,  
111.9 collaboration regarding facilities, transportation, training, student achievement,  
111.10 assessments, mutual performance standards, and other areas of mutual agreement.

111.11 (g) The school district may include the academic performance of the students of a  
111.12 collaborative charter school site operating within the geographic boundaries of the school  
111.13 district, for purposes of student assessment and reporting to the state.

111.14 (h) Districts, authorizers, or charter schools entering into a collaborative agreement  
111.15 are equally and collectively subject to the same state and federal accountability measures  
111.16 for student achievement, school performance outcomes, and school improvement  
111.17 strategies. The collaborative agreement and all accountability measures must be posted  
111.18 on the district, charter school, and authorizer Web sites.

111.19 **EFFECTIVE DATE.** This section is effective July 1, 2013,  
111.20 except subdivision 6 is effective August 1, 2013.

111.21 Sec. 2. Minnesota Statutes 2012, section 260A.02, subdivision 3, is amended to read:

111.22 Subd. 3. **Continuing truant.** "Continuing truant" means a child who is subject to the  
111.23 compulsory instruction requirements of section 120A.22 and is absent from instruction in a  
111.24 school, as defined in section 120A.05, without valid excuse within a single school year for:

111.25 (1) three days if the child is in elementary school; or

111.26 (2) three or more class periods on three days if the child is in middle school, junior  
111.27 high school, or high school.

111.28 Nothing in this section shall prevent a school district or charter school from notifying  
111.29 a truant child's parent or legal guardian of the child's truancy or otherwise addressing a  
111.30 child's attendance problems prior to the child becoming a continuing truant.

111.31 Sec. 3. Minnesota Statutes 2012, section 260A.03, is amended to read:

111.32 **260A.03 NOTICE TO PARENT OR GUARDIAN WHEN CHILD IS A**  
111.33 **CONTINUING TRUANT.**

112.1 Upon a child's initial classification as a continuing truant, the school attendance  
112.2 officer or other designated school official shall notify the child's parent or legal guardian,  
112.3 by first-class mail or other reasonable means, of the following:

112.4 (1) that the child is truant;

112.5 (2) that the parent or guardian should notify the school if there is a valid excuse  
112.6 for the child's absences;

112.7 (3) that the parent or guardian is obligated to compel the attendance of the child  
112.8 at school pursuant to section 120A.22 and parents or guardians who fail to meet this  
112.9 obligation may be subject to prosecution under section 120A.34;

112.10 (4) that this notification serves as the notification required by section 120A.34;

112.11 (5) that alternative educational programs and services may be available in the child's  
112.12 enrolling or resident district;

112.13 (6) that the parent or guardian has the right to meet with appropriate school personnel  
112.14 to discuss solutions to the child's truancy;

112.15 (7) that if the child continues to be truant, the parent and child may be subject to  
112.16 juvenile court proceedings under chapter 260C;

112.17 (8) that if the child is subject to juvenile court proceedings, the child may be subject  
112.18 to suspension, restriction, or delay of the child's driving privilege pursuant to section  
112.19 260C.201; and

112.20 (9) that it is recommended that the parent or guardian accompany the child to school  
112.21 and attend classes with the child for one day.

112.22 Sec. 4. Minnesota Statutes 2012, section 260A.05, subdivision 1, is amended to read:



112.23 Subdivision 1. **Establishment.** A school district or charter school may establish  
 112.24 one or more school attendance review boards to exercise the powers and duties in this  
 112.25 section. The school district or charter school board shall appoint the members of the  
 112.26 school attendance review board and designate the schools within the board's jurisdiction.

112.27 Members of a school attendance review board may include:

112.28 (1) the superintendent of the school district or the superintendent's designee or  
 112.29 charter school director or the director's designee;

112.30 (2) a principal and one or more other school officials from within the district or  
 112.31 charter school;

112.32 (3) parent representatives;

112.33 (4) representatives from community agencies that provide services for truant  
 112.34 students and their families;

112.35 (5) a juvenile probation officer;

113.1 (6) school counselors and attendance officers; and

113.2 (7) law enforcement officers.

113.3 Sec. 5. Minnesota Statutes 2012, section 260A.07, subdivision 1, is amended to read:

113.4 Subdivision 1. **Establishment; referrals.** A county attorney may establish a truancy  
 113.5 mediation program for the purpose of resolving truancy problems without court action. If  
 113.6 a student is in a school district or charter school that has established a school attendance  
 113.7 review board, the student may be referred to the county attorney under section 260A.06,  
 113.8 subdivision 3. If the student's school district or charter school has not established a board,  
 113.9 the student may be referred to the county attorney by the school district or charter school  
 113.10 if the student continues to be truant after the parent or guardian has been sent or conveyed  
 113.11 the notice under section 260A.03.

113.21 Sec. 7. **REVISOR'S INSTRUCTION; CHARTER SCHOOLS**  
 113.22 **RECODIFICATION.**

113.23 The revisor of statutes, in consultation with K-12 education staff in House Research  
 113.24 and Senate Counsel and Research, shall prepare a recodification of Minnesota Statutes,  
 113.25 sections 124D.10 and 124D.11, including corresponding technical corrections and other  
 113.26 needed technical changes and shall submit the completed recodification to the chairs and  
 113.27 ranking minority members of the legislative committees having jurisdiction over K-12  
 113.28 education policy and finance.