

In Minnesota, a charter school is a public school organized as a nonprofit corporation. A “charter” is a contract between the school’s board of directors and the school’s authorizer, which provides oversight of the school’s operations, finances, and academic performance. A charter school must be nonsectarian and must be free to any eligible pupil who resides in Minnesota.

What laws apply to charter schools?

A charter school must comply with some state requirements as though it were a district, including requirements related to academic standards and assessments; data practices and open meetings; student fees; and teacher qualifications. However, charter schools are exempt from district achievement and integration requirements, and from any other school district requirements not explicitly applicable to charter schools. Statutes specific to charter schools are in [Minnesota Statutes, chapter 124E](#).

What entities can authorize charter schools?

Most charter schools are authorized by nonprofit organizations. Other entities eligible to authorize charter schools include school boards, intermediate school district school boards, education districts, and Minnesota colleges or universities.

An organization must be approved by the Department of Education to authorize charter schools. Application criteria include the organization’s infrastructure and ongoing oversight and evaluation processes. The commissioner reviews an authorizer’s performance at least every five years and may place an authorizer on a corrective plan and take corrective action, including terminating the authorizer’s ability to charter a school. Authorizers must report income and expenditures relating to chartering activities to the commissioner annually.

How are charter schools established?

A charter school developer may apply to an authorizer to establish a charter school by submitting a business plan that includes the proposed school’s educational program design, and a market need and demand study. The authorizer may charter a licensed teacher, or a group of individuals that includes a licensed teacher, to operate the school. The operators must form a board of directors and incorporate as a nonprofit corporation. The authorizer must submit the contract between the authorizer and board to the commissioner of education. The contract may have a term of up to five years and must contain specific terms, including a school governance, management, and administration plan.

What does a charter school board of directors do?

A charter school board is responsible for school policy, including budgeting, curriculum, personnel, and operating procedures. The initial board of directors must adopt articles and bylaws. The board may contract with a charter management organization (CMO) or educational management organization (EMO) for management or administrative services.¹ Conflicts of interest are prohibited and a board member who has a conflict of interest is individually liable. The board may sue and be sued.

¹ A CMO or EMO is a nonprofit or for-profit entity that provides, manages, or oversees all or most of a school’s education program or administrative, financial, business, or operational functions.

Can charter schools limit the students they admit?

A charter school may limit admission to: students within an age group or grade level; students who qualify for the graduation incentives program; or, if the majority of the school's students are members of underserved populations, residents of the geographic area in which the school is located.

If a charter school receives more applications than it can serve, the school must admit students by lottery. A charter school must give enrollment preference to the sibling of an enrolled student and to a foster child of that student's parents and may give preference to children of the school's staff before admitting other students by lot.

A charter school must not limit admission based on achievement, aptitude, or athletic ability. Certain exceptions apply to a school serving at least 90 percent of enrolled students who are eligible for special education services and have a primary disability of deaf, deafblind, or hard-of-hearing.

What state funds do charter schools receive?

A charter school's funding is largely based on the school's enrollment. The state provides charter schools state general education revenue, most other school district revenues, and federal aid. A charter school's revenue differs from school district revenue in three major ways:

- 1) In addition to receiving state special education revenue as though it were a district, a charter school may bill back the resident school district of a student with a disability for 80 percent of eligible unreimbursed special education costs. The state directly pays 10 percent of these costs. If at least 70 percent of a charter school's enrolled students qualify for special education services, all the eligible unreimbursed costs are billed back to the resident district.
- 2) It does not receive the levy portion of operating referendum revenue or any local optional revenue. A charter school receives the aid portion of each student's referendum revenue, which is based on the student's resident district referendum aid amount.
- 3) It may either receive transportation revenue to provide students transportation services or have the school district in which it is located provide transportation services. A charter school that provides transportation services is eligible for \$320 per pupil unit.

For more information, see *Minnesota School Finance: A Guide for Legislators*, at www.house.mn.gov/hrd/pubs/mnschfin.pdf.

How do charter schools pay for facilities?

A charter school may not use state funds to buy land or buildings and may not issue its own building bonds. It may own land or buildings if obtained with nonstate sources or may organize a nonprofit affiliated building corporation (ABC) to build or buy school facilities that the charter school can lease. Charter schools may use charter school building lease aid, operating capital revenue, and long-term facilities maintenance revenue to pay for facilities costs.



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