

HOUSE BILL REPORT

E2SHB 2019

As Passed House

April 4, 1997

Title: An act relating to charter schools.

Brief Description: Authorizing charter schools.

Sponsors: By House Committee on Appropriations (originally sponsored by Representatives Quall, Talcott, Linville, Johnson, Mason, Sterk, Romero, Smith, Hatfield, Koster, Chopp, Dickerson, Sheahan, Doumit, D. Sommers, Poulsen, Thompson, Veloria, Honeyford, Kastama, Sehlin, Wood, Delvin, O'Brien, Boldt, Anderson, Mitchell, Ogden, Benson, Morris, Huff, Sump, Scott, Lantz, Mastin, Buck, Dunshee, Costa, Tokuda, Sullivan, Regala, Backlund, Grant, Kessler, Kenney, Cody, Crouse, Radcliff, Mielke, Bush, Alexander, Sherstad, Hankins, Pennington, Sheldon, Gombosky, Murray, D. Schmidt, Wensman, Appelwick, Cooke, Zellinsky, Wolfe, Carlson, Hickel, Dunn, B. Thomas, L. Thomas, Van Luven, Keiser and Blalock).

Brief History:

Committee Activity:

Education: 2/25/97, 3/3/97 [DPS];

Appropriations: 3/8/97 [DP2S(w/o sub ED)].

Floor Activity:

Passed House: 4/4/97, 67-28.

HOUSE COMMITTEE ON EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Johnson, Chairman; Hickel, Vice Chairman; Cole, Ranking Minority Member; Keiser, Assistant Ranking Minority Member; Linville; Quall; Smith; Sterk; Talcott and Veloria.

Minority Report: Without recommendation. Signed by 1 member: Representative Sump.

Staff: Pat Shelledy (786-7149).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Education. Signed by 30 members: Representatives Huff, Chairman; Alexander, Vice Chairman; Clements, Vice Chairman; Wensman, Vice Chairman; H. Sommers, Ranking Minority Member; Doumit, Assistant Ranking Minority Member; Gombosky, Assistant Ranking Minority Member; Benson; Carlson; Chopp; Cody; Cooke; Crouse; Grant; Keiser; Kenney; Kessler; Lambert; Linville; Lisk; Mastin; McMorris; Parlette; Poulsen; Regala; D. Schmidt; Sehlin; Sheahan; Talcott and Tokuda.

Staff: Jack Daray (786-7178).

Background: Individual schools within a school district do not have independent legal status. Instead, they are administrative elements of a school district. Traditional public schools are operated under the direction of the local school board, the district superintendent, and administrators in the school district's central office. The school district board of directors generally sets policies applicable to the district in conformance with state laws and rules and regulations adopted by the Superintendent of Public Instruction and the State Board of Education.

Various mechanisms exist to increase the autonomy of participants in the public school system. Such mechanisms include alternative schools or programs within the traditional framework of the school district, site-based management and shared decision-making combined with limited waiver provisions, creation of charters– or contract– schools, giving vouchers to parents, and allowing parents to home school their children.

The charter school concept combines proposals to increase school autonomy with degrees of measures of accountability and oversight and is often viewed as an extension of site based management. The degree of autonomy and oversight varies with different models.

The Washington Constitution contains several provisions governing public education. Article IX, Section 1, of the state constitution states that it is the paramount duty of the state to make ample provision for the education of children residing within its borders. Article IX, Section 2, provides that the Legislature must provide for a general and uniform system of public schools. Article IX, Section 4, provides that all schools maintained or supported wholly or in part by public funds must remain free of sectarian control or influence. Article III, Section 22, provides that the Superintendent of Public Instruction (SPI) shall have supervision over all matters pertaining to public schools. The Legislature has defined basic education– for purposes of meeting the state's obligation under the constitution. That definition

contains funding allocation formulas and is based primarily on funding teacher salaries.

Employees of a school district are entitled to engage in collective bargaining with school districts on a district-wide level.

A number of states have enacted legislation authorizing charter schools.

Summary of Bill: *General provisions:* The Legislature authorizes creation of charter schools. A charter school is a public school managed by a board of directors of a public benefit nonprofit corporation. A public benefit nonprofit corporation is a tax exempt nonprofit corporation organized and operated for, among other things, educational purposes. The public benefit corporation may not be a sectarian or religious organization. A charter– is a contract between the nonprofit corporation and a sponsor. Until July 1, 1999, a sponsor of a charter school may only be the school district in which the school will be located. After July 1, 1999, a sponsor may also be a four year university. The SPI acts as an appellate body when an applicant for a charter school appeals a sponsor’s decision to reject a charter application. The contract establishes the conditions for the management, operation, and educational program of the charter school. The charter may be renewed every five years.

Admissions: A charter school must enroll all students who submit a timely application. If capacity at the school is insufficient to enroll all applicants, the school must give priority to students who reside within the school district boundaries in which the school is located. Priority must also be given to siblings of current enrollees. A charter school may not discriminate in its admissions policy but may limit admission to students within a given age group or grade level. Charter schools may not charge tuition but may charge fees for optional non-credit extracurricular events.

Powers: Charter schools will be managed independently of the school district board of directors. The charter school board of directors may enter into contracts to operate the school. Charter schools may not levy taxes or issue bonds. Acceptance of gifts or donations is permitted except from sectarian or religious entities.

Exemptions from state laws and rules: Charter schools are exempt from state laws and rules with certain exceptions and except as provided in the charter. All charter schools must

- o comply with state and federal health, safety, and civil rights laws and rules applicable to school districts;
- o meet or exceed student performance and assessment standards established for students in other public schools, including the essential academic learning requirements and standards under education reform;

- o participate in nationally normed standardized achievement tests;
- o employ certificated instructional staff;
- o comply with employee record check requirements;
- o be subject to financial audit by the state auditor;
- o report at least annually to the sponsor and to parents of children enrolled at the charter school on the student's progress and comply with the annual performance report; and
- o comply with the Open Public Meetings Act.

Application and approval process: For applications before July 1, 1999: An applicant for a charter school must submit an application to the local school board of directors in which the proposed school is to be located. The local school board must hold a hearing on the application within 60 days of receipt of the application. The school board must accept or reject the application within 30 days after the hearing. If the school board rejects the application, the school board must notify the applicant in writing and explain the reasons for rejecting the application. The applicant may submit a revised application and the school board may provide assistance to improve the application. Upon a final rejection, the applicant may appeal the school board's decision to the SPI. A review panel selected by the superintendent may work with the applicant and the sponsor to reach an agreement. If the SPI approves the application, the sponsor must enter into a charter with the applicant.

For applications on and after July 1, 1999. Applicants must first apply to the school district. If the school district denies the application, the applicant may appeal the denial to the SPI or apply to an alternate sponsor. By November 1, 1998, the SPI must develop guidelines to implement the provisions that authorize alternate sponsors.

The application is a proposed contract and must include numerous provisions about the proposed school, the corporation, the proposed curriculum, student evaluation methods, the financial plan and financial management procedures.

A school district must, and an alternate sponsor may, approve an application, if in the sponsor's or alternate sponsor's discretion, after exercising due diligence and good faith, the sponsor or alternate sponsor finds that the applicant satisfies a number of criteria.

Charter renewal and revocation: A charter is effective for five years. To continue the charter school, a charter school must submit an application for renewal to the sponsor. The application must include information about meeting the terms of the charter, student performance, and a current financial statement.

The sponsor may deny an application for renewal if the charter school has materially violated the terms of the charter, the students failed to meet student performance standards, the charter school failed to meet generally accepted standards of fiscal

management, or the charter school violated provisions of law that have not been waived.

The sponsor must give the charter school notice of the sponsor's intention not to renew the charter to allow the charter school an opportunity to correct deficiencies.

The sponsor may revoke a charter under certain circumstances. Those circumstances include the same reasons for not renewing a charter. A charter school must be given written notice of deficiencies, a public hearing, and an opportunity to correct deficiencies before revocation except when the health and safety of children in the school are at risk. A charter must include a process for appealing revocations.

Funding. When the sponsor is a school district, students in charter schools will be considered students of the sponsoring district for general fund apportionment purposes. No local levy moneys approved by voters before the effective date of a charter between a school district and an applicant may be allocated to a charter school unless the sponsoring school district determines it has sufficient voter approval. For levies approved after the effective date of charter, the charter schools will be included in levy distribution in the same manner as any other public school in the district. A charter school is eligible for state matching funds for common school construction if the voters approve. The SPI must develop recommendations for funding charter schools sponsored by alternate sponsors. The recommendation is due to the legislature by November 1, 1998. No local levy money may be allocated to a charter school if the charter school is sponsored by an alternate sponsor.

Administration fee. To offset costs of oversight and administering the charter, a sponsor may retain up to 3 percent of state funding and local excess levy funding that is being driven to the charter school.

Loan assistance: A charter school loan account is created. A charter school may receive a loan for up to \$250 per pupil for start-up costs. Start-up moneys will be distributed to schools with approved charters on a first-come, first-served basis. If an applicant for a charter school fails to begin operating a school within 18 months of receiving the loan, the applicant must immediately repay the loan.

Leaves of absence: A leave of absence must be granted to a school employee for up to three years if the employee wants to work at the charter school.

Caps: The maximum number of charter schools that may be granted in the first year of the effective date of the act is 25; in the first two years, 50. The total maximum that may be granted is 50 statewide.

Labor relations: Certificated and classified employees of charter schools have the right to organize and enter into collective bargaining agreements with the nonprofit

corporation. The bargaining unit is restricted to the employees of the charter school and must be separate from other units in the district unless the charter school board of directors and the bargaining representative of the employees agree to include the employees in an appropriate district wide unit. The employees are eligible for and retain their status in the public retirement systems.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on March 4, 1997.

Effective Date Ninety days after adjournment of session in which bill is passed. However, the bill is null and void unless funded in the budget.

Testimony For: (Education) Charter schools offer expanded choices and opportunities for teachers and parents. California has successful charter schools and has demonstrated that this can be done. Fiscal autonomy is important. Charter schools empower teachers, improve parent involvement and return power to local communities. Charter schools have built-in accountability. The bill solves an important problem by offering a new mechanism of accountability without abandoning education reform. Schools will be held accountable by parents based on student performance. Charter schools are not an escape from education reform or public schools but are part of them. The charter school movement is not a white suburban phenomenon. They are often created by communities who feel less well served by traditional public school programs.

(Appropriations) The current version should be modified to allow districts to allocate funds to charter schools similar to the current weighted student– budgeting approaches. Charter schools offer expanded choices and opportunities for teachers, parents and students. California has had successful charter schools. Charter schools empower teachers and parents. Charter school applicants will have to pass high qualifying standards. Charter schools have been successful with at-risk students. There will be a tough standard of accountability to charter school patrons and sponsoring district.

Testimony Against: (Education) There should be multiple sponsors so that the school district and the applicant are not forced to enter into a charter together. School boards are frequently hostile to charters. The levy base of school districts should not be eroded and the bill presents concerns about state funding and levy funding. The SPI should not be a sponsor. It is unclear how this bill is intended to be integrated with SHB 1303, the waiver bill. Appeals should be simple and should not involve courts. The bill insults taxpayers. Sixty-seven percent of the voters just voted down two versions of similar legislation and now the state is imposing it on the locally elected school boards. As the bill is currently drafted it moves too far away from education reform which has not yet had an opportunity to be fully implemented.

(Appropriations) Local levy money should not be spent on charter schools if they are not accountable to the school board responsible for raising local taxes. Funding should not be diverted from existing public schools. This is another education experiment like so many in the past which have had mixed results, therefore any trial should limit the number of charter school sites. The ultimate accountability of charter schools is not clear.

Testified: (Education) Representative Quall, prime sponsor; Representative Talcott, sponsor; Terry Bergeson, Superintendent of Public Instruction (con); Raymond Jackson, ATOP Academy, Arizona (pro); Paul Hill, Reinventing Education (pro); Bill Pinnick, Principal (pro); Sharon Simas, Issaquah New Alternative School (pro); Alex Medler, Education Commission of the States; Sue Nathanson, teacher (pro); Carla Dietsch, Washington Charter School Association (pro); Lisa Wilkerson, parent (pro); Jeanette Newman, parent (pro); Janet Hollander, parent (pro); Erika Cranmer, citizen (con); Chris Shardelman, citizen (con); Dwayne Slate, Washington State School Directors' Association (con); Barbara Mertens, Washington Association of School Administrators (on); Steve Mullin, Washington Roundtable (pro); Robert Dawson, citizen (pro); Linda Carpenter, State Board of Education (concerns); Emory Gleason, citizen (pro); William Lehr, parent (pro); Jeff Kemp, Washington Family Council (pro); Lloyd Gardner, citizen (pro); Edsel Hammond, citizen (pro); Kathy Rainley, citizen (pro); Virginia DeForest, American Association of University Women (concerns); Joe Pope, Association of Washington School Principals (concerns); Judy Hartmann, Washington Education Association (con); and Doug Nelson, Public School Employees (con).

(Appropriations) Representative Dave Quall, prime sponsor; Representative Gigi Talcott; Representative Peggy Johnson; Joseph Olchefske, Seattle School District (con); Carla Dietsch, Washington Charter School Association (pro); Bob Mackenzie, Business, Family (pro); Sharon Simas, Issaquah Charter School (pro); Dwayne Slate, Washington School Directors' Association (con); Robert Butts, Office of the Superintendent of Public Instruction (concerns); Doug Nelson, Public School Employees (con); Rainer Houser, Association of Washington State Principals (concerns); Karen Davis, Washington Education Association (pro); and Barbara Mertens, Washington Association of School Administrators (pro).