

# **HOUSE BILL ANALYSIS**

## **HB 2019**

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**Title:** *An act relating to charter schools.*

**Brief Description:** *Authorizing charter schools.*

**Sponsors:** *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.*

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### **HOUSE COMMITTEE ON EDUCATION**

**Meeting Date:** *February 25, 1997.*

**Bill Analysis Prepared by:** *Pat Shelledy (786-7149).*

**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 extensive of site based management. The degree of autonomy and oversight varies with different models.

Washington's state 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 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. A sponsor of a charter school may be a school district, an educational service district, the dean of any college or program of education at the regional university level, or the Superintendent of Public Instruction. The Superintendent of Public Instruction also 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 school districts. 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 performance standards under education reform;
- o Participate in nationally normed standardized achievement tests;
- o Employ certificated instructional staff in requisite staffing ratios;
- o Comply with employee record check requirements;
- o Be subject to the same financial and audit requirements as a school district;
- o Report at least annually to the sponsor and to parents of children enrolled at the charter school on the student's progress; and
- o Meet the obligations of other school districts to spend allocations of state funding for the purposes of funding basic education, special education, learning assistance programs, transitional bilingual programs, and student transportation.

*Application and approval process:* An applicant for a charter school must first 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 sixty 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 technical assistance to improve the application. Upon a final rejection, the applicant may approach another potential sponsor or appeal the school board's decision to the Superintendent of Public Instruction. The alternate sponsor must hold a public hearing, meet the deadlines imposed on school boards, and also provide written reasons for denying an application.

The application is a proposed agreement and must include various provisions such as information about the public benefit corporation; a description of the curriculum, expected results, and verified methods of measuring and reporting objective results of student performance, including but not limited to performance based assessments; evidence that the plan for the school is economically viable, including a proposed a five-year budget, start-up costs, a description of major contracts, and a description of proposed financial management procedures; a description of how the school intends to spend state funds to meet the state's obligation to fund basic education and other programs the state is required to fund; and a description of the number of students the school plans to enroll each year until the year 2001.

If the applicant meets the requirements detailed in the application provisions, the sponsor must grant the charter.

*Appeals:* If a sponsor rejects a charter application, the applicant may appeal to the Superintendent of Public Instruction within 30 days. The rules of administrative procedure apply to the appeal.

*Charter renewal and revocation:* A charter must be renewed within five years from the first date of operation. 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 at least 12 months notice of the sponsor's intention not to renew the contract to allow the charter school an opportunity to correct deficiencies or to apply to another sponsor.

The sponsor may revoke a charter under certain circumstances. Those circumstances include the same reasons for not renewing a charter. In addition, a charter may be revoked after two years if the academic achievement of students is significantly below the academic achievement of comparable students in the school district. 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 an appellate process.

*Funding. State funds:* The superintendent must separately calculate and allocate to charter schools moneys appropriated for basic education. The amount of funding is determined by the number of full-time equivalent students enrolled in the school multiplied by the estimated state-wide annual average per full-time equivalent student allocation under current law. State funding for special education, the learning assistance program, and the transitional bilingual program shall be determined according to funding rules that apply to school districts. Funding for transportation shall be based on a similar formula or on the average full-time equivalent student transportation allocation for transported students in the district in which the school is located.

*Levy funds:* A charter school is entitled to an amount equal to two-thirds of the maintenance and operation excess tax levy rate per annual average full-time equivalent student of the district in which each full-time equivalent student who attends the charter school resides.

*Vacant buildings:* The Superintendent of Public Instruction must publish annually a list of vacant and unused buildings owned by the state or by school districts that could be used for charter schools.

*Loan assistance:* A charter school assistance account is created. A charter school may receive a loan for up to \$25,000 for start-up costs. Start-up moneys will be distributed to schools with approved charters on a first-come, first-serve basis. The school must repay the loan within five years. If an applicant for a charter school fails to begin operating a school within 18 months of receiving the loan, the applicant must repay the loan with interest at a rate of 10 percent.

*Conversions:* A public school currently operated by a school district may apply to convert to a charter school. The conversion must be supported by a majority of the custodial parents of students enrolled in the school and a majority of the certificated employees at the school. A meeting on the conversion must be held and a vote taken by secret ballot.

If the parents and teachers vote to convert to a charter school, the parents and teachers must incorporate as a public nonprofit corporation.

Teachers who do not want to remain at the charter school may be reassigned to another school within the district without any loss of benefits or status. If a parent does not want his or her child to attend the charter school, the child may attend another school within the district.

*Caps:* Until January 1, 2001, no more than a total of 5 percent of the annual average full-time equivalent students eligible for enrollment in the school district in which the charter school is located may be enrolled in a charter school. The cap does not apply to converted schools.

*Labor relations:* Certificated and classified employees of charter schools have the right to organize and enter into collective bargaining agreements with the nonprofit corporation. However, the bargaining unit is restricted to the employees of the charter school and must be separate from other districts. The employees are eligible for and retain their status in the public retirement systems. Pension statutes are amended for technical clarity.

***Fiscal Note:*** Requested on February 19, 1997.

***Effective Date:*** Ninety days after adjournment of session in which bill is passed.