

SENATE BILL REPORT

E2SHB 2019

As of April 9, 1997

Title: An act relating to charter schools.

Brief Description: Authorizing charter schools.

Sponsors: 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, Voloria, 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:

SENATE COMMITTEE ON EDUCATION

Staff: Susan Mielke (786-7422)

Background: Generally, charter schools are public schools that operate independently of most state laws and regulations. Since 1991, 25 states have passed legislation authorizing such independent public schools: Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Kansas, Louisiana, Massachusetts, Michigan, Minnesota, New Jersey, New Mexico, New Hampshire, North Carolina, Rhode Island, South Carolina, Texas, Wisconsin, and Wyoming.

Summary of Bill: A new chapter is created in the education code authorizing and establishing a process for creating and implementing charter schools.

A charter school: A charter school is a public school of one or more K-12 grades managed by an applicant's board of directors. The school operates independent of any school district board under a charter approved by a sponsor.

A charter school applicant: An applicant must be a public benefit nonprofit corporation that has been approved or conditionally approved for tax exempt status under section 501(c)(3) of the Internal Revenue Code.

A charter school sponsor: Before July 1, 1999, a sponsor must be the school board of the school district in which the charter school will be located. After July 1, 1999, an alternate sponsor may be a state or regional university, or The Evergreen State College.

The charter: A charter is a five-year contract between an applicant and a sponsor. It establishes the terms and conditions for the management, operation, and educational program of a charter school. A charter may be amended if both the school's board of directors and the sponsor agree to amend.

The chartering process: Before July 1, 1999, an applicant must submit an application to the local school board. Alternate sponsors may not sponsor charter schools before July 1, 1999. After July 1, 1999, an applicant must submit its application to the local school board before submitting an application to an alternate sponsor. Within 60 days of receiving an application, the sponsor must hold at least one public hearing on the application. The sponsor must accept or reject the application within 30 days after the hearing, unless both parties agree to extend the timeline. If the sponsor rejects the application, the sponsor must provide written reasons for the rejection. A revised application may be submitted for reconsideration. If a sponsor or alternate sponsor rejects a charter application, the applicant may appeal to the SPI within 30 days.

By November 1, 1998, the Superintendent of Public Instruction (SPI) must develop guidelines for alternate sponsors to sponsor charter schools.

The appeal process: If an application is rejected by a sponsor or an alternate sponsor, the applicant may appeal to SPI within 30 days. SPI may convene a review panel to work with the applicant and the sponsor, and to make recommendations to SPI. SPI shall use the substantial evidence standard of review. If SPI approves an application previously made to a school district, the district becomes the sponsor of the charter school. If SPI denies an application previously made to a school district, the applicant may not apply to an alternate sponsor. If SPI denies an application previously made to an alternate sponsor, SPI may not require the alternate sponsor to be the sponsor of the charter school.

The charter application: The charter application must include:

- the applicant's articles of incorporation, bylaws, and most recent financial statement;
- the identity of the individuals who will operate the school;
- the school's mission statement;
- the school's admissions policy, educational program, student performance evaluation plan, and student discipline and dismissal procedures;
- the student and school performance standards, to be measured by the assessment and accountability systems developed by the Commission on Student Learning (CSL);
- an assessment of the school's potential legal liability;
- a five-year budget and facilities plan, proposed financial management procedures, a marketing plan and a description of major contracts planned.

Approval criteria: A school district must, or an alternate sponsor may approve an charter school application if:

- the applicant is a public benefit nonprofit corporation;
- the individuals identified to operate the school are reasonably qualified;
- the mission statement is consistent with the act;

- the educational program is free from religious or sectarian influence and describes student performance and accountability standards to be measured by the assessment and accountability systems being developed by CSL;
- there are student and school performance evaluation plans and procedures for taking corrective action if student performance falls below standards set in the charter;
- student discipline and dismissal plans are reasonable;
- the admission and marketing policies are consistent with current law;
- the school plans to obtain a liability policy of at least \$1 million;
- the financial procedures meet or exceed generally accepted standards of accounting and management;
- approval of an application will not result in significant financial impact on the district as a whole.

Charter school powers: The school's board of directors manages and operates the school. The board may hire, manage, and discharge charter school employees. The board may enter into contracts for real property, equipment, goods, supplies, and services, including educational instructional services. A charter school may rent, lease, or own property. A charter school may accept gifts, but not from sectarian or religious organizations. A charter school may not charge tuition, levy taxes, or issue bonds, but may charge fees to the same extent as other public schools.

Exemptions: A charter school is exempt from all statutes and rules applicable to a school board or district, except as provided in the act and in the approved charter. Charter schools may elect to comply with any statute or rule. All charter schools must:

- comply with applicable state and federal health, safety, and civil rights laws;
- meet or exceed the student performance and assessment standards established for students in other public schools, including the essential academic learning requirements and performance standards developed by the CSL;
- participate in the nationally normed standardized achievement tests required by state law at the fourth, eighth, and eleventh grades;
- employ certificated instructional staff;
- comply with the statutorily required employee record checks;
- be subject to financial audit by the State Auditor;
- comply with the annual performance report;
- report at least annually to its sponsor and students' parents on progress toward the student academic goals specified in the charter;
- comply with the Open Public Meetings Act.

Admission requirements: A charter school must enroll all students who submit a timely application, unless capacity is insufficient. If there is insufficient capacity, then enrollment priority must be given to students residing within the school district where the charter school is located and to siblings of students who are currently enrolled in the school. Remaining spaces must be filled through an equitable selection process, such as a lottery. 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 renewal and revocation: After three years of operation, but no later than six months before the expiration of the charter, a charter school may apply to the sponsor or alternate

sponsor for renewal of the five-year charter agreement. The renewal application must include:

- a report on the progress of the charter school in achieving the terms of the initial charter;
- a financial statement of the expenditures of the charter school.

The sponsor or alternate sponsor may reject the renewal application if the charter school materially violated its contract or any laws that were not waived, failed to meet generally accepted standards of fiscal management, or the charter school's students failed to meet or make reasonable progress toward the student performance standards in the initial charter. The sponsor must give written notice of intent not to renew within one month of the request to renew to allow time for the school to correct any deficiencies. The alternate sponsor must issue a decision within 60 days.

The sponsor may revoke a charter at any time for the same reasons that a sponsor may not renew a charter. Revocation of a charter requires the sponsor provide written notice of the specific violations alleged, hold a public hearing, and grant a reasonable opportunity for the school to correct the areas of concern, except in cases of emergency where the health and safety of children are at risk. The sponsor must provide a process to appeal a revocation of a charter.

Funding: If a charter school is sponsored by a school district, then funding is as follows:

State funding: Funding must be on a per student basis in the same amount as for other public schools, except for the small school assistance factor.

A charter school is eligible for state matching funds for common school construction if the district determines the project is approved by local voters.

Local funding: No local excess levy moneys approved before the effective date of a charter may be allocated to a charter school unless the district determines it has sufficient authority from the voters to so allocate the moneys. After the effective date of a charter, charter schools approved by a school district must be included in levy planning, budgets, and funding distribution in the same manner as other schools in the district.

If a charter school is sponsored by an alternate sponsor, then funding is as follows:

State funding: SPI must submit to the Legislature by November 1, 1998, recommendations for funding charter schools sponsored by alternate sponsors.

Local funding: No local excess levy money may be allocated to a charter school sponsored by an alternate sponsor.

Administration fees: A sponsor may retain up to 3 percent of the charter school's state and local excess levy funding for oversight and administration purposes.

Charter school loan account: The charter school loan account is created. Only SPI or SPI's designee may authorize expenditures from the account. Expenditures may be used only to provide financial loans to approved charter schools for start-up costs. Charter schools may

receive up to \$250 per student. The loans are awarded on a first-come, first-served basis. Loans must be repaid within five years, with interest. If a charter school receives a loan but fails to begin operation of a school within 18 months then the recipient must reimburse SPI for the amount of the loan.

School district employees: A school district must grant a school district employee's written request for a leave of absence to work at a charter school. The leave may extend up to three years. If the employee returns to the school district within the three years, the employee receives first consideration for rehire.

Labor relations: Certificated and classified employees of charter schools may enter into collective bargaining agreements, but the bargaining unit must be separate from other bargaining units unless the charter school board and the bargaining representative of the charter school employees agree to include the charter school employees in another bargaining unit.

Limitations: No more than 25 charters may be granted in the 1997-98 school year, and the total number of charters that may be granted under this act is 50. This limit is not applicable to public schools that convert to charter schools.

No charter schools may be located in a school district with a student enrollment of less than 1,000 students until June 1, 2000.

Study: The Washington State Institute for Public Policy is directed to study the implementation and effectiveness of this act and make recommendations for improvements to the Legislature. A preliminary report is due by September 1, 1999, and a final report is due September 1, 2001.

Appropriation: None. The act is null and void unless specifically funded in the Appropriations Act.

Fiscal Note: Available. New fiscal note requested on April 8, 1997.

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