

SENATE BILL REPORT

SB 6345

As of January 21, 1998

Title: An act relating to charter schools.

Brief Description: Authorizing charter schools.

Sponsors: Senators Johnson, Anderson, Finkbeiner, Hale, Deccio, Rossi, Sellar, Oke, Hochstatter, McCaslin, Swecker, Schow, Stevens, Strannigan and Wood.

Brief History:

Committee Activity: Education: 1/22/98.

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, 29 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, Mississippi, Nevada, New Jersey, New Mexico, New Hampshire, North Carolina, Ohio, Pennsylvania, 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.

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 an approved charter.

Charter School Applicant: An applicant must be a public benefit nonprofit corporation that has applied for tax exempt status under section 501(c)(3) of the Internal Revenue Code.

Charter School Sponsor: Before July 1, 2000, a sponsor must be the school district in which the charter school will be located. After July 1, 2000, a sponsor may be the local school district, a state or regional university, or The Evergreen State College.

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.

Chartering Process: Before July 1, 2000, applications must be submitted to the local school board. After July 1, 2000, applications may be submitted to any qualified 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.

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 standards and evaluation plan, and student discipline and dismissal procedures;
- 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 sponsor must approve a charter school application if:

- the applicant is a public benefit nonprofit corporation;
- the individuals identified to operate the school are qualified;
- the mission statement is consistent with the act;
- the educational program is free from religious or sectarian influence and includes student academic standards;
- there is a student performance evaluation plan 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 charter 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. 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 for optional noncredit extracurricular events.

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;

- participate in the nationally normed standardized achievement tests required by state law at the fourth, eighth, and eleventh grades;
- employ certificated instructional staff, but may hire noncertificated instructional staff with nonstate funds;
- comply with the statutorily required employee record checks;
- be subject to financial and audit requirements;
- 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 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 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 sponsor may revoke a charter for the same reasons that a sponsor may not renew a charter. Revocation of a charter requires the sponsor to 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.

Conversion of a Public School: A public school may convert to a charter school if 51 percent of the parents and 51 percent of the certificated staff support the conversion. Teachers who choose not to work at the charter school may be reassigned within the district without loss of benefits or status.

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

State funding: Funding is provided on a per student basis in the same amount as for other public schools, including regular apportionment, categorical, and nonbasic education funds.

Charter schools are not eligible for the small school assistance factor. A charter school is eligible for state matching funds for common school construction if the district has sufficient authority from 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 local voters. 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 institution of higher education, then funding is as follows:

State funding: Funding is provided on a per student basis in the same amount as for other public schools, including regular apportionment, categorical, and nonbasic education funds.

Local funding: No local excess levy money is provided to a charter school sponsored by an institution of higher education.

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 Assistance Account: The charter school assistance account is created. Only SPI or SPI's designee may authorize expenditures from the account. Expenditures may be used only to provide grants to approved charter schools for start-up costs. Charter schools may receive up to \$250 per student. The grants are awarded on a first-come, first-served basis. If a charter school receives a grant but fails to begin operation of a school within 18 months then the recipient must reimburse SPI for the amount of the grant.

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.

Collective Bargaining: Collective bargaining laws apply to charter school employees. The bargaining unit must be limited to the employees of the charter school and must be separate from other bargaining units.

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, 2000, and a final report is due September 1, 2002.

Appropriation: None.

Fiscal Note: Requested on January 19, 1998.

Effective Date: The bill contains an emergency clause and takes effect immediately.