

# SENATE BILL REPORT

## E2SHB 2295

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As of March 10, 2004

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

**Brief Description:** Providing for charter schools.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Quall, Talcott, Rockefeller and Anderson).

**Brief History:**

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**Staff:** Susan Mielke (786-7422)

**Background:** Under current law, public schools are publically financed, governed by elected school boards, and subject to federal and state laws and rules. Generally, charter schools are publically financed but operate under a written contract with the charter sponsor, often independently of elected school boards, and of most state laws and rules. The contract, or charter, establishes the terms and conditions for the management, operation and educational program of the school. Charter schools can be closed for failing to satisfy these terms and conditions.

In 1992, Minnesota became the first state to authorize public charter schools. Since then, 40 states and the District of Columbia have adopted charter school enabling legislation, and approximately 3,000 charter school are currently operating nationwide.

**Summary of Bill:** A new chapter is created in the education code establishing a process for creating and operating a limited number of state-funded public charter schools operating independently of state laws and rules, except as specified.

Primary Purpose: The Legislature is establishing charter schools for the primary purpose of providing more high quality learning environments to assist educationally disadvantaged students and other students to meet the state academic standards.

Charter School: A charter school is a public school of one or more K-12 grades operated according to the terms of a renewable five-year contract between a charter school applicant and a charter school sponsor.

Charter School Applicant: A charter school applicant must be a public benefit nonprofit corporation. The applicant may not be a sectarian or religious organization.

Charter School Sponsor: A school district may sponsor a charter school in the district. An educational service district (ESD) or the Superintendent of Public Instruction (SPI) may be a sponsor if the SPI approves an appeal after the school district rejects an application.

Chartering Process: An application must first be submitted to the school district. If the school district rejects the application then SPI must approve the application if certain criteria is met, including that the approval is consistent with the legislative intent. If SPI approves an appeal then an ESD (if an ESD agrees) or SPI (if an ESD does not agree) is the sponsor. SPI may reject an application if SPI finds it is not in the best interest of the children of the proposed school.

Charter School Powers: The charter school's board of directors, which may include a member of the local school board as an ex officio member, 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. However, the board is prohibited from using a "for-profit" entity to manage the charter school. 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 tax-backed bonds, but may charge fees for optional non-credit extracurricular events. A charter school may issue secured and unsecured debt but such debt must not create liability for the state, the charter school sponsor, the school district in which the charter school is located or any other political subdivision or agency of the state.

State and Federal Law: A charter school is exempt from all state laws and rules applicable to schools except as provided in the act and in the approved charter. Charter schools may elect to comply with any law or rule. All charter schools must: comply with applicable state and federal health, safety, parents' rights, civil rights, and non-discrimination laws; participate in the state student assessments (currently the Iowa Test of Basic Skills and the Washington Assessment of Student Learning); employ certificated instructional staff, except in exceptional cases; conduct employee record checks; participate in free and reduced priced meal programs; be subject to financial examinations and audits, and independent performance audits; follow the student performance improvement goals; comply with the annual performance report; report at least annually to its sponsor, the students' parents, and the school district in which the charter school is located on progress toward the student performance goals specified in the charter; comply with the Open Public Meetings Act, the Open Public Records Act, and public disclosure requirements; and conduct annual quality management self-assessments.

Student Admissions: All charter schools must be willing to enroll educationally disadvantaged students and conduct outreach to find them. Admission may be limited based on age group or grade level. Conversion charter schools must enroll all students who wish to remain enrolled; give priority to siblings of current students; and if insufficient capacity, use a lottery to fill the remaining spaces. New charter schools must enroll all students who submit a timely application, if capacity is sufficient; give priority to siblings, if requested by the parent; and if insufficient capacity, use a lottery to fill the remaining spaces.

Charter Renewal and Revocation: Charter renewal and revocation processes and timelines are provided. A renewal application must include specified information. A sponsor must reject the renewal application if the academic progress of the students in the charter school is inferior for two consecutive years to the average progress of students in the school district where the school is located. A sponsor may reject the 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 performance standards. A sponsor may revoke a charter before it has expired for the same reasons that a sponsor may not renew a charter.

Funding: State funding for charter schools is based on the statewide average staff-mix ratio and the school's actual enrollment. Allocations will include regular apportionment, vocational, categorical, student achievement (Initiative 728) funds, non-basic education funds, and the enhanced staff ratio funds but not the small school assistance factor. The categorical funds received by the charter school are not required to be spent in the categorical programs and the enhanced staff ratio is not required to be maintained. A charter school is eligible for state matching funds for school construction. New and conversion charter schools are eligible for local levy funds under certain circumstances.

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

Employees: Charter schools must employ certificated staff, but in exceptional cases may hire non-certificated instructional staff of unusual competence if supervised by a certificated staff. A school district must grant a school district employee's written request for a leave of absence (up to two years) to work at a charter school without any loss of seniority or retirement.

Classified staff in a conversion school will remain members of the bargaining units in the school district. Classified and certificated staff in new charter schools will have separate bargaining units from the bargaining units in the school district for at least the first five years and then may vote to become members of the bargaining unit of the school district. Classified and certificated staff in conversion schools will remain members of the school district bargaining unit. Variances to the bargaining agreement must be negotiated and if an impasse occurs then mediation must occur.

Conversion Schools: A school district may convert a school to a conversion charter school if the school has failed to make adequate yearly progress for three consecutive years or is eligible for state school improvement assistance as determined by SPI.

Limits: A maximum of 45 new charter schools can be granted in the six years in which charter schools are authorized -- not more than five in each of the first three years and not more than ten in each of the last three years. Any new or conversion charter school that is established may continue to operate after the six years. The majority of charters to be granted are reserved for the primary purpose of serving educationally disadvantaged students unless the maximum number is not reached each year and then other charters can be approved.

Study: The Washington State Institute for Public Policy must study the implementation and effectiveness of this act and make recommendations for improvements, the effectiveness and impact of charter schools, how charter schools have enhanced education reform, and make recommendation on whether regulatory requirements should be eliminated for other public schools. A preliminary report is due by March 1, 2007, and a final report is due September 1, 2008.

**Appropriation:** None.

**Fiscal Note:** Available.

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