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## SUBSTITUTE HOUSE BILL 1744

State of Washington 68th Legislature 2023 Regular Session

By House Education (originally sponsored by Representatives Rude, Santos, Schmidt, and Pollet)

READ FIRST TIME 02/17/23.

- AN ACT Relating to clarifying the responsibilities and accountability for the effective delivery and oversight of public education services to charter school students; amending RCW 28A.710.030, 28A.710.040, 28A.710.070, 28A.710.100, 28A.710.120, 28A.710.140, 28A.710.180, and 28A.710.190; adding a new section to chapter 28A.710 RCW; and creating a new section.
- 7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 8 NEW SECTION. Sec. 1. (1)The legislature finds 9 requirements governing the establishment and operations of public 10 schools have proven insufficient. These schools 11 experienced a steady growth in student enrollment and often provide 12 valuable educational opportunities for families in communities across 13 Washington state.
  - (2) However, several of these schools have closed in the decade since Washington voters authorized the establishment of charter schools. As a result, students, parents, and staff in several Puget Sound locations and in Walla Walla were left to make alternative arrangements for school and work, unexpectedly and without adequate notice, when their school closed. Furthermore, in one western Washington school, the disappointment proved especially difficult as the charter school opened and permanently ceased operations within

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the span of a few months. Under no circumstances is a disruption of this nature acceptable to the many students, families, and staff that were profoundly impacted by the closure.

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- (3) The legislature also finds that the establishment and operational challenges of some public charter schools are not limited to school closures: Some public charter schools have failed to properly and timely comply with teacher certification requirements; some public charter school boards have demonstrated ineffective leadership and oversight, leading to charter school closures; and the charter school commission has authorized charter schools that were not prepared or otherwise able to deliver sustained education services in the manner set forth in their charter school application or charter contract, as evidenced by multiple closures and the disruptions they created for students, families, and staff.
- The legislature authorized the establishment of charter 15 16 schools in 2016 after the supreme court invalidated charter school 17 laws adopted through a voter initiative. As a result, the legislature has an obligation to ensure that the responsibilities for the 18 oversight of charter public schools are clearly delineated and 19 adequate to ensure the highest standards of practices and public 20 21 accountability. The legislature is committed to ensuring all 22 authorized public charter schools in Washington are successful in to serve Washington students. 23 their mission The legislature, 24 therefore, intends to clarify responsibilities and increase the 25 accountability measures governing the effective delivery 26 oversight of public education services to public charter school 27 students.
- 28 **Sec. 2.** RCW 28A.710.030 and 2016 c 241 s 103 are each amended to 29 read as follows:
- 30 (1) To fulfill its duty to manage and operate the charter school, 31 and to execute the terms of its charter contract, a charter school 32 board may:
- 33 (a) Hire, manage, and discharge charter school employees in 34 accordance with the terms of this chapter and the school's charter 35 contract;
- 36 (b) Receive and disburse funds for the purposes of the charter 37 school:
- 38 (c) Enter into contracts with any school district, educational 39 service district, or other public or private entity for the provision

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of real property, equipment, goods, supplies, and services, including educational instructional services, pupil transportation services, and for the management and operation of the charter school, provided the charter school board maintains oversight authority over the charter school. Contracts for management operation of the charter school may only be with nonprofit organizations;

- (d) Rent, lease, purchase, or own real property. All charter contracts and contracts with other entities must include provisions regarding the disposition of the property if the charter school fails to open as planned or closes, or if the charter contract is revoked or not renewed;
- (e) Issue secured and unsecured debt, including pledging, assigning, or encumbering its assets to be used as collateral for loans or extensions of credit to manage cash flow, improve operations, or finance the acquisition of real property or equipment. However, the charter public school may not pledge, assign, or encumber any public funds received or to be received pursuant to RCW 28A.710.220. Debt issued under this subsection (1)(e) is not a general, special, or moral obligation of the state, the charter school authorizer, the school district in which the charter school is located, or any other political subdivision or agency of the state. Neither the full faith and credit nor the taxing power of the state, or any political subdivision or agency of the state, may be pledged for the payment of the debt;
- (f) Solicit, accept, and administer for the benefit of the charter school and its students, gifts, grants, and donations from individuals, or public or private entities, excluding sectarian or religious organizations. A charter school board may not accept any gifts or donations that violate this chapter or other state laws; and
- (g) Issue diplomas to students who meet state high school graduation requirements established under RCW 28A.230.090. A charter school board may establish additional graduation requirements.
- (2) A charter school board must ((contract for an independent performance)) obtain an accountability audit of the school to be conducted: (a) The second year immediately following the school's first full school year of operation; and (b) at least every three years thereafter. ((The performance audit must be conducted in accordance with United States general accounting office government auditing standards. A performance)) An audit in compliance with this

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- section does not inhibit the state auditor's office from conducting a performance audit of the school.
- 3 (3) A charter school board may not levy taxes or issue tax-backed 4 bonds.
- 5 (4) A charter school board may not acquire property by eminent 6 domain.
  - (5) A charter school board, through website postings and written notice with receipt acknowledged by signature of the recipient, must advise families of new, ongoing, and prospective students of any ongoing litigation challenging the constitutionality of charter schools or that may require charter schools to cease operations.
- 12 (6) Each charter school board shall ensure that its members and
  13 administrative staff receive annual training to support the effective
  14 operation and oversight of the charter school, including compliance
  15 with requirements governing the employment of properly credentialed
  16 instructional staff, compliance with the requirements of chapters
  17 42.30 and 42.56 RCW, and the permitted uses of public funds.
- 18 **Sec. 3.** RCW 28A.710.040 and 2018 c 75 s 9 are each amended to 19 read as follows:
- 20 (1) A charter school must operate according to the terms of its 21 charter contract and the provisions of this chapter.
  - (2) A charter school must:

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- (a) Comply with local, state, and federal health, safety, parents' rights, civil rights, and nondiscrimination laws applicable to school districts and to the same extent as school districts, including but not limited to chapter 28A.642 RCW (discrimination prohibition) ((and)), chapter 28A.640 RCW (sexual equality), and chapter 28A.155 RCW (special education);
- (b) Provide a program of basic education, that meets the goals in RCW 28A.150.210, including instruction in the ((essential academic learning requirements)) state learning standards, and participate in the statewide student assessment system as developed under RCW 28A.655.070;
- 34 (c) Comply with the screening and intervention requirements under 35 RCW 28A.320.260;
- 36 (d) Employ certificated instructional staff as required in RCW 28A.410.025. Charter schools, however, may hire noncertificated instructional staff of unusual competence and in exceptional cases as specified in RCW 28A.150.203(7). Beginning November 1, 2023, and

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- annually thereafter, charter schools shall report the employment of all noncertificated instructional staff hired in accordance with this subsection (2)(d) during the current and preceding school year to the executive director of the commission and the state board of education for inclusion in the annual report required by RCW 28A.710.250;
- 6 (e) Comply with the employee record check requirements in RCW 28A.400.303;
- 8 (f) Adhere to generally accepted accounting principles and be 9 subject to financial examinations and audits as determined by the 10 state auditor, including annual audits for legal and fiscal 11 compliance;
- 12 (g) Comply with the annual performance report under RCW 13 28A.655.110;
- 14 (h) Be subject to the performance improvement goals adopted by the state board of education under RCW 28A.305.130;
- 16 (i) Comply with the open public meetings act in chapter 42.30 RCW and public records requirements in chapter 42.56 RCW; and

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- (j) Be subject to and comply with legislation enacted after December 6, 2012, that governs the operation and management of charter schools.
- (3) Charter public schools must comply with all state statutes and rules made applicable to the charter school in the school's charter contract, and are subject to the specific state statutes and rules identified in subsection (2) of this section. For the purpose of allowing flexibility to innovate in areas such as scheduling, personnel, funding, and educational programs to improve student outcomes and academic achievement, charter schools are not subject to, and are exempt from, all other state statutes and rules applicable to school districts and school district boards of directors. Except as provided otherwise by this chapter or a charter contract, charter schools are exempt from all school district policies.
- 33 (4) A charter school may not engage in any sectarian practices in 34 its educational program, admissions or employment policies, or 35 operations.
  - (5) Charter schools are subject to the supervision of the superintendent of public instruction and the state board of education, including accountability measures <u>such as the Washington</u> achievement index developed by the state board of education under RCW

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- 1 <u>28A.657.110</u>, to the same extent as other public schools, except as otherwise provided in this chapter.
- **Sec. 4.** RCW 28A.710.070 and 2020 c 49 s 2 are each amended to 4 read as follows:
  - (1) The Washington state charter school commission is established as an independent state agency whose mission is to ((authorize)):
  - (a) Authorize high quality charter public schools throughout the state, especially schools that are designed to expand opportunities for at-risk students((, and to ensure));
- 10 <u>(b) Ensure</u> the highest standards of accountability and oversight 11 for these schools; and
  - (c) Ensure that students in charter schools authorized under this chapter have opportunities for academic success that are not disrupted by unsatisfactory educational, operational, or financial oversight of the charter school, the charter school board, or both.
  - (2) The commission shall, through its management, supervision, and enforcement of the charter contracts and pursuant to applicable law, administer the charter schools it authorizes in the same manner as a school district board of directors administers other schools.
    - (3) (a) The commission shall consist of:
    - (i) Nine appointed members;

- 22 (ii) The superintendent of public instruction or the 23 superintendent's designee; and
  - (iii) The chair of the state board of education or the chair's designee.
  - (b) Appointments to the commission shall be as follows: Three members shall be appointed by the appointed by the governor; three members shall be appointed by the senate, with two members appointed by the leader of the largest caucus of the senate and one member appointed by the leader of the minority caucus of the senate; and three members shall be appointed by the house of representatives, with two members appointed by the speaker of the house of representatives and one member appointed by the leader of the minority caucus of the house of representatives. The appointing authorities shall assure diversity among commission members, including representation from various geographic areas of the state and shall assure that at least one member is the parent of a Washington public school student.
  - (4) Members appointed to the commission shall collectively possess strong experience and expertise in public and nonprofit

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governance; management and finance; public school leadership, assessment, curriculum, and instruction; and public education law. All appointed members shall have demonstrated an understanding of and commitment to charter schooling as a strategy for strengthening public education.

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- (5) Appointed members shall serve four-year, staggered terms. The initial appointments from each of the appointing authorities must consist of one member appointed to a one-year term, one member appointed to a two-year term, and one member appointed to a three-year term, all of whom thereafter may be reappointed for a four-year term. No appointed member may serve more than two consecutive terms. Initial appointments must be made by July 1, 2016.
- 13 (6) Whenever a vacancy on the commission exists among its 14 appointed membership, the original appointing authority must appoint 15 a member for the remaining portion of the term within no more than 16 thirty days.
- 17 (7) Commission members shall serve without compensation but may 18 be reimbursed for travel expenses as authorized in RCW 43.03.050 and 19 43.03.060.
  - (8) The commission may hire an executive director and may employ staff as necessary to carry out its duties under this chapter. The commission may delegate to the executive director the duties as necessary to effectively and efficiently execute the business of the commission, including the authority to employ necessary staff. In accordance with RCW 41.06.070, the executive director and the executive director's confidential secretary are exempt from the provisions of chapter 41.06 RCW.
  - (9) The commission shall reside within the office of the superintendent of public instruction for administrative purposes only.
- 31 (10) RCW 28A.710.090 and 28A.710.120 do not apply to the 32 commission.
- 33 **Sec. 5.** RCW 28A.710.100 and 2016 c 241 s 110 are each amended to read as follows:
  - (1) Authorizers are responsible for:
- 36 (a) Ensuring that students in charter schools they authorize will
  37 have opportunities for academic success that are not disrupted by
  38 unsatisfactory educational, operational, or financial oversight of
  39 the charter school, the charter school board, or both;

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1 (b) Soliciting and evaluating charter applications;

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- ((<del>(b)</del>)) <u>(c)</u> Approving charter applications that meet identified educational needs and promote a diversity of educational choices;
- ((<del>(c)</del>)) <u>(d)</u> Denying charter applications that fail to meet statutory requirements, requirements of the authorizer, or both;
- ((<del>(d)</del>)) <u>(e)</u> Negotiating and executing charter contracts with each authorized charter school;
  - ((<del>(e)</del>)) <u>(f)</u> Monitoring, in accordance with charter contract terms, the performance and legal compliance of charter schools including, without limitation, education and academic performance goals and student achievement; ((<del>and</del>)
- 12  $\frac{\text{(f)}}{\text{(g)}}$  Determining whether each charter contract merits renewal, nonrenewal, or revocation; and
- 14 (h) Ensuring that charter school boards comply with the annual training requirements in RCW 28A.710.030(6).
- 16 (2) An authorizer may delegate its responsibilities under this section to employees or contractors.
  - (3) All authorizers must develop and follow chartering policies and practices that are consistent with the principles and standards for quality charter authorizing developed by the national association of charter school authorizers in at least the following areas:
    - (a) Organizational capacity and infrastructure;
    - (b) Soliciting and evaluating charter applications;
    - (c) Performance contracting;
    - (d) Ongoing charter school oversight and evaluation; and
- 26 (e) Charter renewal decision making.
- 27 (4) Each authorizer must submit an annual report to the state 28 board of education, according to a timeline, content, and format 29 specified by the board that includes:
- 30 (a) The authorizer's strategic vision for chartering and progress 31 toward achieving that vision;
  - (b) The academic and financial performance of all operating charter schools under its jurisdiction, including the progress of the charter schools based on the authorizer's performance framework;
- 35 (c) The status of the authorizer's charter school portfolio, 36 identifying all charter schools in each of the following categories: 37 (i) Approved but not yet open; (ii) operating; (iii) renewed; (iv) 38 transferred; (v) revoked; (vi) not renewed; (vii) voluntarily closed;

39 or (viii) never opened;

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(d) The authorizer's operating costs and expenses detailed in annual audited financial statements that conform with generally accepted accounting principles; and

- (e) The services purchased from the authorizer by the charter schools under its jurisdiction under RCW 28A.710.110, including an itemized accounting of the actual costs of these services.
- (5) Neither an authorizer, individuals who comprise the membership of an authorizer in their official capacity, nor the employees of an authorizer are liable for acts or omissions of a charter school they authorize.
- 11 (6) No employee, trustee, agent, or representative of an 12 authorizer may simultaneously serve as an employee, trustee, agent, 13 representative, vendor, or contractor of a charter school under the 14 jurisdiction of that authorizer.
- **Sec. 6.** RCW 28A.710.120 and 2016 c 241 s 112 are each amended to 16 read as follows:
  - (1) The state board of education is responsible for overseeing the performance and effectiveness of all authorizers (( $\frac{approved under}{RCW 28A.710.090}$ )).
  - (2) Persistently unsatisfactory performance of an authorizer's portfolio of charter schools, a pattern of well-founded complaints about the authorizer or its charter schools, a high percentage of charter school closures during the preceding 10-year period, or other objective circumstances may trigger a special review by the state board of education.
  - (3) In reviewing or evaluating the performance of authorizers, the state board of education must apply nationally recognized principles and standards for quality charter authorizing. Evidence of material or persistent failure by an authorizer to carry out its duties in accordance with these principles and standards constitutes grounds for revocation of the authorizing contract by the state board of education, as provided under this section.
  - (4) If at any time the state board of education finds that an authorizer is not in compliance with a charter contract, its authorizing contract, or the authorizer duties under RCW 28A.710.100, the board must notify the authorizer in writing of the identified problems, and the authorizer must have reasonable opportunity to respond and remedy the problems.

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- (6) In the event of revocation of any authorizer's chartering authority, the state board of education shall manage the timely and orderly transfer of each charter contract held by that authorizer to another authorizer in the state, with the mutual agreement of each affected charter school and proposed new authorizer. The new authorizer shall assume the existing charter contract for the remainder of the charter term.
- (7) If the commission is the subject of the special review under this section, the state board of education shall have one year from the initiation of its review to complete the review and provide a report with findings and recommendations, including any recommendations for statutory revisions it deems necessary, to the governor, the superintendent of public instruction, and the appropriate committees of the house of representatives and the senate.
- (8) The state board of education must establish timelines and a process for taking actions under this section in response to performance deficiencies by an authorizer.
- **Sec. 7.** RCW 28A.710.140 and 2016 c 241 s 114 are each amended to 29 read as follows:
  - (1) The state board of education must establish an annual statewide timeline for charter application submission and approval or denial that must be followed by all authorizers.
    - (2) In reviewing and evaluating charter applications, authorizers shall employ procedures, practices, and criteria consistent with nationally recognized principles and standards for quality charter authorizing. Authorizers shall give preference to applications for charter schools that are designed to enroll and serve at-risk student populations. However, nothing in this chapter may be construed as intended to limit the establishment of charter schools to those that

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1 serve a substantial portion of at-risk students, or to in any manner restrict, limit, or discourage the establishment of charter schools 2 that enroll and serve other pupil populations under a nonexclusive, 3 nondiscriminatory admissions policy. The application review process 4 must include thorough evaluation of each application, an in-person 5 6 interview with the applicant group, and an opportunity to learn about and provide input on each application in a public forum including, 7 without limitation, parents, community members, local residents, and 8 school district board members and staff. 9

10 (3) In deciding whether to approve an application, authorizers 11 must:

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- (a) Grant charters only to applicants that have demonstrated competence in each element of the authorizer's published approval criteria and are likely to open ((and)), operate, and ensure the financial viability of a successful charter public school;
- 16 (b) Base decisions on documented evidence collected through the application review process;
  - (c) Follow charter-granting policies and practices that are transparent and based on merit; and
    - (d) Avoid any conflicts of interest, whether real or apparent.
- 21 (4) An approval decision may include, if appropriate, reasonable 22 conditions that the charter applicant must meet before a charter 23 contract may be executed.
  - (5) For any denial of an application, the authorizer shall clearly state in writing its reasons for denial. A denied applicant may subsequently reapply to that authorizer or apply to another authorizer in the state.
- 28 **Sec. 8.** RCW 28A.710.180 and 2016 c 241 s 118 are each amended to 29 read as follows:
  - (1) Each authorizer must continually monitor the performance and legal compliance of the charter schools under its jurisdiction, including collecting and analyzing data to support ongoing evaluation according to the performance framework in the charter contract.
  - (2) An authorizer may conduct or require oversight activities that enable the authorizer to fulfill its responsibilities under this chapter, including conducting appropriate inquiries and investigations ((, if those activities are consistent with the intent of this chapter, adhere to the terms of the charter contract, and do not unduly inhibit the autonomy granted to charter schools)).

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Examples of permitted reasons for conducting or requiring oversight activities under this section include: The persistent unsatisfactory performance of a charter school; a pattern of well-founded complaints about a charter school; or other objective circumstances.

- (3) In the event that a charter school's performance, financial status, or legal compliance appears unsatisfactory, the authorizer must promptly notify the school of the perceived problem and provide reasonable opportunity for the school to remedy the problem. However, if the problem warrants revocation of the charter contract, the revocation procedures under RCW 28A.710.200 apply.
- (4) An authorizer may take appropriate corrective actions or exercise sanctions short of revocation in response to apparent deficiencies in charter school performance or legal compliance. These actions or sanctions may include, if warranted, requiring a school to develop and execute a corrective action plan within a specified time frame.
- Sec. 9. RCW 28A.710.190 and 2016 c 241 s 119 are each amended to read as follows:
  - (1) A charter contract may be renewed by the authorizer, at the request of the charter school, for successive five-year terms. The authorizer, however, may vary the term based on the performance, demonstrated capacities, and particular circumstances of a charter school, and may grant renewal with specific conditions for necessary improvements to a charter school.
  - (2) No later than six months before the expiration of a charter contract, the authorizer must issue a performance report and charter contract renewal application guidance to the charter school. The performance report must summarize the charter school's performance record to date based on the data required by the charter contract, and must provide notice of any weaknesses or concerns perceived by the authorizer concerning the charter school that may, if not timely rectified, jeopardize its position in seeking renewal. The charter school has thirty days to respond to the performance report and submit any corrections or clarifications for the report.
- (3) The renewal application guidance must, at a minimum, provide an opportunity for the charter school to:
- (a) Present additional evidence, beyond the data contained in the performance report, supporting its case for charter contract renewal;

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1 (b) Describe improvements undertaken or planned for the school; 2 and

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- (c) Detail the school's plans for the next charter contract term.
- (4) The renewal application guidance must include or refer explicitly to the criteria that will guide the authorizer's renewal decisions, and this criteria must be based on the performance framework set forth in the charter contract.
  - (5) In making charter renewal decisions, an authorizer must:
- 9 (a) Ensure that students in the charter school will have 10 opportunities for academic success that are not disrupted by 11 unsatisfactory educational, operational, or financial oversight of 12 the charter school, the charter school board, or both;
- 13 <u>(b)</u> Base its decisions in evidence of the school's performance 14 over the term of the charter contract in accordance with the 15 performance framework set forth in the charter contract;
- 16  $((\frac{b}{b}))$  <u>(c)</u> Ensure that data used in making renewal decisions are available to the school and the public; and
- 18  $((\frac{(c)}{(c)}))$  <u>(d)</u> Provide a public report summarizing the evidence 19 basis for its decision.
- NEW SECTION. Sec. 10. A new section is added to chapter 28A.710 RCW to read as follows:
  - (1) Subject to the availability of amounts appropriated for this specific purpose, beginning with the 2023-24 school year, the commission shall promote the effective administration and operation of charter schools through the provision of technical assistance to requesting charter schools, charter school boards, or both.
  - (2) The principal objective of technical assistance provided in accordance with this section, which may be provided by commission staff or through a contractor, must be to support charter schools and charter school boards in achieving and maintaining compliance with the requirements of this chapter and other provisions of Title 28A RCW governing the operation of charter schools. In responding to requests for technical assistance, the commission shall prioritize the provision of assistance to charter schools that have been in operation for three or fewer school years.
  - (3) Technical assistance provided in accordance with this section: May only be provided at the request of the applicable charter school or charter school board; and is unrelated to, and does

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- 1 not affect or otherwise modify, duties of the commission in its role
- 2 as an authorizer.

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