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## Education Committee

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### ESSB 5012

**Brief Description:** Authorizing charter schools.

**Sponsors:** Senate Committee on Education (originally sponsored by Senators Johnson, Finkbeiner, Esser and Oke).

Brief Summary of Engrossed Substitute Bill
<ul style="list-style-type: none"><li>· Authorizes the operation of public charter schools managed by a board of directors of a nonprofit corporation and sponsored by a school district or an institution of higher education.</li></ul>



**Hearing Date:** 3/24/03

**Staff:** Sydney Forrester (786-7120).

**Background:**

Since Minnesota first authorized public charter schools in 1992, 40 states have adopted charter school enabling legislation. The United States Department of Education (USDOE) reported in November 2002, about 2,000 charter schools were operating in approximately 34 states as of summer 2001.

A public charter school is a tuition-free public school open to all students, financed by public moneys, and governed by the terms of a charter agreement between a charter sponsor and a charter applicant. The various states' laws define who is a sponsor and who is an applicant for chartering purposes. Typically, a public charter school is managed by an applicant's board of directors rather than by the local school district's board of directors, and is operated more or less independently from state laws. The charter functions as a contract governing how the school will be organized and managed, what students will be taught and expected to achieve, and how success will be measured. Charter public schools can be closed for failing to satisfy these contract terms.

The last charter school proposals in Washington were HB 2415 and Initiative 729, both proposed in 2000. HB 2415 passed the House Education Committee but did not pass the House. In the November 2000 general election, I-729 failed 51.83 percent to 48.17 percent.

In June 2002, the USDOE announced the Charter Schools Facilities Financing Demonstration Project to assist charter schools in leveraging private and other nonfederal financing to help cover the costs of acquiring, constructing, or renovating charter school facilities. In 2002, federal funding to support charter schools reached \$200 million.

### **Summary of Bill:**

A new chapter is added to Title 28A authorizing the operation of public charter schools operated by the terms of a contract between a nonprofit corporation and a school district or an institution of higher education.

Charter School Defined: 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 that has applied for tax-exempt status under section 501(c)(3) of the Internal Revenue Code. The applicant may not be a sectarian or religious organization.

Charter School Sponsor: A charter school sponsor may be the school district in which the charter school will be located, a state or regional university, or The Evergreen State College.

Chartering Process: Applications may be submitted to any qualified sponsor. The sponsor must elect whether to hold a public hearing on the application within 20 days. A hearing must be held before granting a charter. The sponsor must accept or reject the application within 60 days after receipt of the application, unless both parties agree to extend the time line. If the application is rejected, then 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 following: the names and descriptions of the individuals who will operate the school; the applicant's articles of incorporation, bylaws, and most recent financial statement and balance sheet; the school's mission statement; admissions policy; student discipline and dismissal procedures; the school's educational program, including student performance standards and a plan for corrective action if student performance falls below the standards; an assessment of the school's potential legal liability and an \$1-5 million insurance liability policy; a financial plan, proposed financial management procedures, and a marketing plan; and procedures to comply with health and safety laws.

Charter Approval: A sponsor may approve a charter school application if the sponsor reasonably finds the applicant meets the specified criteria.

Charter School Powers: The nonprofit corporation'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 non-credit extracurricular events. A charter school may issue secured and unsecured debt but such debt shall not create liability for that debt 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 and civil rights laws; participate in the state student assessments (currently ITBS and WASL); employ certificated instructional staff, except in exceptional cases; comply with the statutorily required employee record checks; be subject to financial and audit requirements; 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; and comply with the Open Public Meetings and Open Public Records Acts.

Student Admissions: A charter school must enroll all students who submit a timely application, unless capacity is insufficient. When there is insufficient capacity, enrollment priority must be given to students residing within the school district where the charter school is located and to the 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 renew the charter. The renewal application must include specified information. 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 performance standards. The sponsor must give written notice of its intent not to renew within three months of the request to renew to allow time for the school to correct any deficiencies.

The sponsor may revoke a charter before it has expired 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.

Funding: If a charter school is sponsored by a school district, then state level funding is provided on a per student basis in the same amount as for other public schools, including regular apportionment, categorical, and non-basic education funds, but not the small school assistance factor. The charter school is eligible for state matching funds for school construction. The charter school must be included in local school levies. If a local levy is

approved before the effective date of the charter, then the charter school will not receive any of the levy funds unless the school district determines there is sufficient authority from voters to allocate the levy funds to the charter school and only to the extent agreed to by the school board after consultation with the charter school board.

If a college or university sponsors a charter school, the state level funding is the same, except the charter school is not eligible for state matching funds for school construction or for local levy funds.

Administration Fees: A sponsor may retain up to three 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 of up to three years to work at a charter school without any loss of seniority or retirement. The collective bargaining chapters apply to charter schools and charter school employees. The bargaining unit of charter school employees must be separate from other units in the district, unless the charter school is a public school that has converted to a charter school. Employees of conversion schools remain members of the bargaining units in the school district. Employees of charter schools will be included in the state retirement system if federal law permits.

Conversion Schools: Existing public schools may convert to charter public schools.

Limits: A maximum of 70 charters may be granted, not including conventional public schools converting to charter public schools. In the first and second years no more than five charters per year may be granted. In years three, four, five and six, up to 15 charters per year may be granted. If the maximum number of charters is not granted one year, the remainder is added to number available the next year. Applications for charter schools may begin on the effective date of this act, but no charter school may begin operating until July 1, 2003.

Study: The Washington State Institute for Public Policy will study the implementation and effectiveness of charter schools and make improvement recommendations to the Legislature. A preliminary report is due March 1, 2006, and a final report is due September 1, 2007.

**Appropriation:** None.

**Fiscal Note:** Requested on March 19, 2003.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.