

1.1 Senator moves to amend S.F. No. 1311 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2024, section 124E.05, subdivision 2, is amended to read:

1.4 Subd. 2. **Roles, responsibilities, and requirements of authorizers.** (a) The role of an
1.5 authorizer is to ensure that a school it authorizes has the autonomy granted by statute, fulfills
1.6 the purposes of a charter school, and is accountable to the agreed upon terms of the charter
1.7 school contract in order to safeguard quality educational opportunities for students and
1.8 maintain public trust and confidence.

1.9 (b) An authorizer has the following responsibilities:

1.10 (1) to review applications for new schools, determine whether a new school is ready to
1.11 open, review applications for grade and site expansions, review applications for change in
1.12 authorizers, and determine whether to approve or deny an application based on the
1.13 authorizer's approved criteria;

1.14 (2) to negotiate and execute the performance charter contracts with the schools it
1.15 authorizes;

1.16 (3) to conduct ongoing monitoring, oversight, and evaluation of the school's academic,
1.17 operational, and financial performance during the term of the charter contract;

1.18 (4) to evaluate the academic, operational, and financial performance of the school as
1.19 defined in the charter contract prior to the end of the contract to determine the renewal,
1.20 nonrenewal, or termination of the contract; and

1.21 (5) to comply with authorizer requirements in chapter 124E.

1.22 (c) An authorizer must document in the authorizer annual report under section 124E.16,
1.23 subdivision 2, paragraph (b), the annual successful completion of training of its staff members
1.24 during the previous year relative to chartering ~~and~~, an authorizer's role and responsibilities,
1.25 and each authorizer's performance review findings listed under subdivision 5.

1.26 (d) An authorizer must participate in annual department-approved training.

1.27 Sec. 2. Minnesota Statutes 2024, section 124E.07, subdivision 3, is amended to read:

1.28 Subd. 3. **Membership criteria.** (a) The ongoing charter school board of directors shall
1.29 have at least five members. The board members must not be related parties. The ongoing
1.30 board must include: (1) at least one licensed teacher; (2) at least one parent or legal guardian
1.31 of a student enrolled in the charter school who is not an employee of the charter school; and

(3) at least one interested community member. A community member serving on the board must reside in Minnesota, must not have a child enrolled in the school, and must not be an employee of the charter school.

(b) To serve as a licensed teacher on a charter school board, an individual must:

(1) be employed by the school or provide at least 720 hours of service under a contract between the charter school and a teacher cooperative;

(2) be a qualified teacher as defined under section 122A.16, either serving as a teacher of record in a field in which the individual has a field license, or providing services to students the individual is licensed to provide; and

(3) not serve in an administrative or supervisory capacity for more than 240 hours in a school calendar year.

(c) The board structure must be defined in the bylaws. The board structure may (1) be a majority of teachers under paragraph (b), (2) be a majority of parents, (3) be a majority of community members, or (4) have no clear majority.

(d) The chief administrator may only serve as an ex-officio nonvoting board member. No charter school employees shall serve on the board other than teachers under paragraph (b).

(e) A contractor providing facilities, goods, or services to a charter school must not serve on the board of directors. In addition, an individual is prohibited from serving as a member of the charter school board of directors if: (1) the individual, an immediate family member, or the individual's partner is a full or part owner or principal with a for-profit or nonprofit entity or independent contractor with whom the charter school contracts, directly or indirectly, for professional services, goods, or facilities; or (2) an immediate family member is an employee of the school. An individual may serve as a member of the board of directors if no conflict of interest exists under this paragraph, consistent with this section.

(f) A violation of paragraph (e) renders a contract voidable at the option of the commissioner or the charter school board of directors. A member of a charter school board of directors who violates paragraph (e) is individually liable to the charter school for any damage caused by the violation.

(g) Any employee, agent, contractor, or board member of the authorizer who participates in initially reviewing, approving, overseeing, evaluating, renewing, or not renewing the charter school is ineligible to serve on the board of directors of a school chartered by that authorizer.

(h) An individual is prohibited from serving on more than one charter school board at the same time in either an elected or ex-officio capacity, except that an individual serving as an administrator serving more than one school under section 124E.12, subdivision 2, paragraph (f), may serve on each board as an ex-officio member. A board member who violates this paragraph is automatically ineligible to continue to serve as a charter school board member and is ineligible to be elected or appointed to a charter school board for 24 months.

Sec. 3. Minnesota Statutes 2024, section 124E.07, subdivision 6, is amended to read:

Subd. 6. **Duties.** (a) The board of directors also shall decide and is responsible for all decision making on policy matters related to operating the school, including budgeting, curriculum programming, personnel, and operating procedures. The board must adopt personnel evaluation policies and practices that, at a minimum:

(1) carry out the school's mission and goals;

(2) evaluate how charter contract goals and commitments are executed;

(3) evaluate student achievement, postsecondary and workforce readiness, and student engagement and connection goals;

(4) establish a teacher evaluation process under section 124E.03, subdivision 2, paragraph (h); and

(5) provide professional development related to the individual's job responsibilities.

(b) The board must adopt a nepotism policy that prohibits the employment of immediate family members of a board member, a school employee, or a teacher who provides instruction under a contract between the charter school and a cooperative. The board may waive this policy if: (1) the position is publicly posted for 20 business days; and (2) a two-thirds majority of the remaining board of directors who are not immediate family members of an applicant vote to approve the hiring. A board member, school employee, or teacher under contract with a cooperative must not be involved in an interview, selection process, hiring, supervision, or evaluation of an employee who is an immediate family member.

(c) The board of directors must establish a finance committee that meets regularly and includes at least one member of the school's board. The committee must review and provide recommendations to the board on matters related to financial health and best practices, which may include, but is not limited to financial strategy, enrollment tracking, budgeting and planning, internal controls and compliance, revenue generation, financial conflicts of

4.1 interest, audits and financial reporting, regular finance statements and transactions, and
4.2 authorizer finance related requirements in the charter contract.

4.3 (d) A charter school board that is under corrective action for financial reasons, as
4.4 determined by its authorizer, must:

4.5 (1) include the authorizer in regularly scheduled finance committee meetings, either in
4.6 person or virtually, at least quarterly; and

4.7 (2) upon the request of the authorizer, hire a financial expert:

4.8 (i) approved by the authorizer; and

4.9 (ii) with a minimum role designated by the authorizer.

4.10 Sec. 4. Minnesota Statutes 2024, section 124E.10, subdivision 4, is amended to read:

4.11 Subd. 4. **Causes for nonrenewal or termination of charter school contract.** (a) The
4.12 duration of the contract with an authorizer must be for the term contained in the contract
4.13 according to subdivision 1, paragraph (a). The authorizer may or may not renew a contract
4.14 at the end of the term for any ground listed in paragraph (b). An authorizer may unilaterally
4.15 terminate a contract during the term of the contract for any ground listed in paragraph (b).
4.16 At least 60 business days before not renewing or terminating a contract, the authorizer shall
4.17 notify the board of directors of the charter school of the proposed action in writing. The
4.18 notice shall state the grounds for the proposed action in reasonable detail and describe the
4.19 informal hearing process, consistent with this paragraph. The charter school's board of
4.20 directors may request in writing an informal hearing before the authorizer within 15 business
4.21 days after receiving notice of nonrenewal or termination of the contract. Failure by the board
4.22 of directors to make a written request for an informal hearing within the 15-business-day
4.23 period shall be treated as acquiescence to the proposed action. Upon receiving a timely
4.24 written request for a hearing, the authorizer shall give ten business days' notice to the charter
4.25 school's board of directors of the hearing date. The hearing must be live-streamed and
4.26 recorded by audio recording, video recording, or a court reporter. The authorizer must
4.27 preserve the recording for three years and make the recording available to the public. The
4.28 authorizer shall conduct an informal hearing before taking final action. The authorizer shall
4.29 take final action to renew or not renew a contract no later than 20 business days before the
4.30 proposed date for terminating the contract or the end date of the contract.

4.31 (b) An authorizer may terminate or not renew a contract upon any of the following
4.32 grounds:

(1) failure to demonstrate satisfactory academic achievement for all students, including the requirements for pupil performance contained in the contract;

(2) failure to meet generally accepted standards of fiscal management;

(3) violations of law; or

(4) other good cause shown.

If the authorizer terminates or does not renew a contract under this paragraph, the school must be dissolved according to the applicable provisions of chapter 317A.

(c) The commissioner, after providing reasonable notice to the board of directors of a charter school and the existing authorizer, and after providing an opportunity for a public hearing, may terminate the existing contract between the authorizer and the charter school board if the charter school has a history of:

(1) failure to meet pupil performance requirements, consistent with state law;

(2) financial mismanagement or failure to meet generally accepted standards of fiscal management; or

(3) repeated or major violations of the law.

Sec. 5. Minnesota Statutes 2024, section 124E.13, subdivision 3, is amended to read:

Subd. 3. **Affiliated nonprofit building corporation.** (a) An affiliated nonprofit building corporation may purchase, expand, or renovate an existing facility to serve as a school or may construct a new school facility. One charter school may organize an affiliated nonprofit building corporation that serves only that charter school if the charter school:

(1) has operated for at least six consecutive years;

(2) as of June 30, has a net positive unreserved general fund balance in the preceding three fiscal years;

(3) has long-range strategic and financial plans that include enrollment projections for at least five years;

(4) completes a feasibility study of facility options that outlines the benefits and costs of each option; and

(5) has a plan that describes project parameters and budget.

(b) An affiliated nonprofit building corporation under this subdivision must:

(1) be incorporated under chapter 317A;

(2) comply with applicable Internal Revenue Service regulations, including regulations for "supporting organizations" as defined by the Internal Revenue Service;

(3) post on the school website the name, mailing address, bylaws, minutes of board meetings, and names of the current board of directors of the affiliated nonprofit building corporation;

(4) submit to the commissioner a copy of its annual audit by December 31 of each year; and

(5) comply with government data practices law under chapter 13.

(c) An affiliated nonprofit building corporation must not serve as the leasing agent for property or facilities it does not own. A charter school that leases a facility from an affiliated nonprofit building corporation that does not own the leased facility is ineligible to receive charter school lease aid. The state is immune from liability resulting from a contract between a charter school and an affiliated nonprofit building corporation.

(d) The board of directors of the charter school must ensure the affiliated nonprofit building corporation complies with all applicable legal requirements. The charter school's authorizer must oversee the efforts of the board of directors of the charter school to ensure legal compliance of the affiliated building corporation. A school's board of directors that fails to ensure the affiliated nonprofit building corporation's compliance violates its responsibilities and an authorizer must consider that failure when evaluating the charter school.

(e) A contractor providing facilities, goods, or services to a charter school must not serve on the board of directors of the charter school's affiliated building corporation. In addition, an individual is prohibited from serving as a member of the board of directors of a charter school's affiliated building corporation if:

(1) the individual, an immediate family member, or the individual's partner is a full or part owner or principal with a for-profit or nonprofit entity or independent contractor with whom the charter school contracts, directly or indirectly, for professional services, goods, or facilities; or

(2) an immediate family member is an employee of the school.

A charter school employee may serve on the board of directors of the charter school's affiliated building corporation if the employee has no conflict of interest.

Sec. 6. Minnesota Statutes 2024, section 124E.17, is amended to read:

124E.17 DISSEMINATION OF INFORMATION.

Subdivision 1. Charter school information. (a) Charter schools must disseminate information about the school's offerings and enrollment procedures to families that reflect the diversity of Minnesota's population and targeted groups. Targeted groups include low-income families and communities, students of color, students at risk of academic failure, and students underrepresented in the school's student body relative to Minnesota's population. The school must document its dissemination activities in the school's annual report. The school's dissemination activities must be a component of the authorizer's performance review of the school.

(b) Authorizers and the commissioner must disseminate information to the public on how to form and operate a charter school. Authorizers, operators, and the commissioner also may disseminate information to interested stakeholders about the successful best practices in teaching and learning demonstrated by charter schools.

(c) For each charter school it authorizes, an authorizer must publish on its website for at least five years from the date of issuance all charter contracts executed under section 124E.10 and amendments; school performance reviews including the performance evaluations required by section 124E.10, subdivision 1, paragraph (a), clause (6), if different; notices of intent to terminate or not renew the charter contract and related final determinations; and unresolved notices of intervention, deficiency, concern, corrective action, or probationary status.

(d) Each charter school must post a link in a conspicuous place on the school's official website to the section of its authorizer's website where information listed in paragraph (c) specific to that school is published. A charter school must also, upon the request of the authorizer, distribute information from their authorizer about interventions, corrective actions, and probationary status by publication, mail, or electronic means to its authorizer, school employees, and parents and legal guardians of students enrolled in the charter school.

Subd. 2. Financial information. (a) Upon request of an individual, the charter school must make available in a timely fashion financial statements showing all operations and transactions affecting the school's income, surplus, and deficit during the last annual accounting period; and a balance sheet summarizing assets and liabilities on the closing date of the accounting period.

~~(b) Upon request of an individual, an authorizer must make available in a timely fashion financial statements showing all operations and transactions affecting the authorizer's income,~~

8.1 ~~surplus, and deficit during the last annual accounting period, and a balance sheet summarizing~~
8.2 ~~assets and liabilities on the closing date of the accounting period~~ An authorizer must publish
8.3 on its website an annual financial statement identifying its sources of income related to
8.4 authorizing activities and its authorizing expenses including staff, consultants, facility,
8.5 professional development, transportation, membership dues, technology, office supplies,
8.6 bank fees, administrative overhead, and professional fees for accounting, legal, and financial
8.7 services, consistent with section 124E.05, subdivision 8, and a balance sheet related to
8.8 authorizing activities summarizing assets and liabilities."

8.9 Amend the title accordingly