



AN ACT AUTHORIZING THE ESTABLISHMENT OF PUBLIC CHARTER SCHOOLS AND DISTRICTS AS A MEANS OF PROVIDING ADDITIONAL EDUCATIONAL OPPORTUNITIES; PROVIDING LEGISLATIVE FINDINGS AND INTENT; DEFINING "PUBLIC CHARTER SCHOOL" AND PROVIDING OTHER DEFINITIONS; PRESCRIBING DUTIES FOR THE BOARD OF PUBLIC EDUCATION AND REQUIRED ELEMENTS OF CHARTER APPLICATIONS AND CHARTER CONTRACTS; ESTABLISHING REPORTING REQUIREMENTS; PROVIDING ENROLLMENT AND GOVERNANCE REQUIREMENTS FOR PUBLIC CHARTER SCHOOLS; PROVIDING FOR THE CREATION, RENEWAL, REVOCATION, AND CLOSURE OF PUBLIC CHARTER SCHOOLS; PROVIDING FOR PERFORMANCE MEASURES FOR PUBLIC CHARTER SCHOOLS; PROVIDING FOR FUNDING OF PUBLIC CHARTER SCHOOLS; ESTABLISHING THE PUBLIC CHARTER SCHOOL ACCOUNT; AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Short title. [Sections 1 through 14] may be cited as the "Public Charter Schools Act".

Section 2. Public charter schools -- legislative findings and intent. (1) The legislature finds that:

- (a) parents desire education options for their children;
- (b) expanding educational opportunities for K-12 education within the state is a necessary and valid public purpose; and
- (c) creating options that assist parents and encourage students to develop their full educational potential is vital to the economic competitiveness of the state.

(2) It is the legislature's intent to establish public charter schools that are under the supervision and control of trustees who are elected by qualified electors pursuant to Article IV, section 2, and Article X, section 8, of the Montana constitution for the purposes of:

- (a) enhancing Montana's system of education to develop the full educational potential of each person;
- (b) enabling parents to make decisions on how best to educate their children;
- (c) providing other public educational opportunities for all students, especially those at risk of academic failure;
- (d) encouraging and inspiring the use of different models of teaching, governing, scheduling, and providing instruction in both public charter schools and noncharter public schools to meet a variety of student needs;
- (e) advancing Montana's commitment to the preservation of American Indian cultural identity, pursuant to Article X, section 1(2), of the Montana constitution, and to the elimination of the American Indian achievement gap by encouraging students, parents, and community members in Indian country to pursue alternative educational opportunities through public charter schools; and
- (f) ensuring accountability to the qualified electors and taxpayers in the community in which the charter school is located.

(3) It is the legislature's intent to create innovative and high-performing public charter schools under the general supervision of the board of public education and under the supervision and control of trustees of the governing board who are elected by qualified electors in the community where the charter school is located.

Section 3. Definitions. As used in [sections 1 through 14], unless the context clearly indicates otherwise, the following definitions apply:

(1) "Applicant" means a group of residents of the located school district or county of the located school district or the local school board of the located school district that submits a proposal for a public charter school to the board of public education.

(2) "Board of public education" means the board created by Article X, section 9(3), of the Montana constitution and 2-15-1507. For the purposes of public charter schools established under [sections 1 through 14], the board of public education is the sole entity authorized to enter into charter contracts with a governing board.

(3) "Charter contract" means a fixed-term, renewable contract between a governing board of a public charter school and the board of public education that outlines the roles, powers, responsibilities, and performance expectations for each party to the contract.

(4) "Governing board" means the elected board of trustees of a public charter school district exercising supervision and control over a charter school or the local school board that is a party to the charter contract with the board of public education and that exercises supervision and control over a charter school pursuant to the charter contract.

(5) "Local school board" means a preexisting board of trustees exercising supervision and control of the schools and programs of a local school district pursuant to Article X, section 8, of the Montana constitution and the laws of the state of Montana.

(6) "Located school district" means the school district in which a proposed, preoperational, or operational public charter school is located and from which the separate boundaries of the charter school district are proposed to be formed. When a charter school district is formed, the boundaries of the charter school district are removed from the territory of the located school district.

(7) "Noncharter public school" means a public school that is under the supervision and control of a local school board or the state and is not operating under a charter contract pursuant to [section 6].

(8) "Parent" means a parent, guardian, or other person or entity having legal custody of a child.

(9) "Public charter school" means a public school that:

(a) has autonomy over decisions including but not limited to matters concerning finance, personnel, scheduling, curriculum, and instruction as defined in a charter contract;

(b) is governed by a local school board or, in the case of a governing board other than a local school board, by the governing board of the charter school district of which the charter school is a part;

(c) is established and operated under the terms of a charter contract;

(d) allows parents choose to enroll their children;

(e) admits students on the basis of a lottery if more students apply for admission than can be accommodated;

(f) provides a program of education that may include any or all grades from kindergarten through grade 12 and vocational education programs;

- (g) operates in pursuit of a specific set of educational objectives as defined in its charter contract;
 - (h) operates under the general supervision of the board of public education in accordance with its charter contract; and
 - (i) if the school is a high school, establishes graduation requirements and has authority to award degrees and issue diplomas.
- (10) "Resident school district" means the public school district in which a student resides.
- (11) "Student" means a child who is eligible for attendance in a public school in the state.

Section 4. Board of public education responsibilities. (1) In accordance with [sections 1 through 14], the board of public education is responsible for executing the following essential powers and duties:

- (a) soliciting and evaluating charter proposals;
- (b) approving charter proposals that meet identified educational needs and promote a diversity of educational choices, including but not limited to:
 - (i) increasing standards for student achievement;
 - (ii) closing achievement gaps between high-performing and low-performing groups of public school students;
 - (iii) increasing educational opportunities within the public education system;
 - (iv) providing alternative learning environments for students who are not thriving in traditional school settings;
 - (v) lowering the dropout rate;
 - (vi) creating new professional opportunities for teachers and other school personnel;
 - (vii) encouraging the use of different models of teaching and learning; and
 - (viii) providing students, parents, community members, and local entities with expanded opportunities for involvement in the public education system;
- (c) denying approval of charter proposals that fail to provide clear and convincing proof of their likelihood of success;
- (d) negotiating and executing sound charter contracts with each approved public charter school;
- (e) monitoring approved public charter schools' performance and legal compliance with charter

contract terms; and

(f) determining whether each charter contract merits renewal, nonrenewal, or revocation.

(2) On or before December 1 of each year, beginning in the first year that a public charter school has been in operation for a full school year, the board of public education shall publish to the board's website and submit to the legislature in accordance with 5-11-210 an annual report on the state's public charter schools for the school year ending in the preceding calendar year. The annual report must include:

(a) a comparison of the performance of public charter school students with the performance of academically, ethnically, and economically comparable groups of students in noncharter public schools; and

(b) the board's assessment of the successes, challenges, and areas for improvement in meeting the purposes of [sections 1 through 14], including the board's assessment of the sufficiency of funding for public charter schools and any suggested changes in state law or policy necessary to strengthen the state's public charter schools.

Section 5. Public charter school proposal process. (1) To solicit, encourage, and guide the development of public charter schools, the board of public education shall issue and broadly publicize a request for proposal by October 1 in 2023 and by June 1 of each year thereafter. The content and dissemination of the request for proposal must be consistent with the purposes and requirements of [sections 1 through 14].

(2) The request for proposal must include:

(a) the criteria that will guide the board's decision to approve or deny a charter proposal;

(b) clear and detailed questions designed to gauge an applicant's capacity to establish and operate a successful public charter school, as well as guidelines concerning the format and content of an applicant's response to the request for proposal.

(3) A request for proposal must require applicants to describe thoroughly the following essential elements of their public charter school proposal:

(a) an executive summary;

(b) the mission and vision of the proposed public charter school, including identification of the targeted student population and the community the school proposes to serve;

(c) the school district in which the public charter school is proposed to be located and operate;

- (d) the grades to be served each year for the full term of the charter contract;
- (e) the minimum, planned, and maximum enrollment per year for the term of the charter contract;
- (f) specific evidence:
 - (i) of significant community support for the proposed public charter school; and
 - (ii) for an applicant that is not a local school board:
 - (A) that the applicant has sought from the local school board the creation of a school or program of the located school district serving the mission and vision of the proposed public charter school;
 - (B) the local school board declined to create the school or program or submit to the board of public education a proposal for the creation of a public charter school consistent with the mission and vision of the proposed public charter school; and
 - (C) a legal description of the property of the existing school district from which the boundaries of the charter school district are proposed to be formed;
- (g) for an applicant that is not a local school board, background information on the initial governing board members and, if identified, the proposed school leadership and management team;
- (h) the proposed public charter school's proposed calendar and sample daily schedule;
- (i) a description of the academic program, including:
 - (i) plans to formally assess student achievement on an annual basis; and
 - (ii) variances to existing standards that the proposed public charter school requires;
- (j) a description of the proposed public charter school's instructional design, including the type of learning environment, class size and structure, curriculum overview, and teaching methods;
- (k) the proposed public charter school's plans for identifying and successfully serving students with disabilities, students who are English language learners, students who are academically challenged, and gifted students, including but not limited to compliance with applicable laws and regulations;
- (l) a description of cocurricular or extracurricular programs, if any, and how the programs will be funded and delivered;
- (m) plans and timelines for student recruitment and enrollment, including lottery procedures;
- (n) the proposed public charter school's student discipline policies, including those for special education students;

- (o) an organizational chart that clearly presents the proposed public charter school's organizational structure, including lines of authority and reporting between the governing board, staff, related bodies such as advisory bodies or parent and teacher councils, and external organizations that will play a role in managing the school;
 - (p) a clear description of the roles and responsibilities for the governing board, the proposed public charter school's leadership and management team, and other entities shown in the organizational chart;
 - (q) a staffing chart for the proposed public charter school's first year and a staffing plan for the term of the charter;
 - (r) plans for recruiting and developing school leadership and staff;
 - (s) the proposed public charter school's leadership and teacher employment policies, including performance evaluation plans;
 - (t) proposed governing bylaws;
 - (u) explanations of any partnerships or contractual relationships central to the proposed public charter school's operations or mission;
 - (v) the proposed public charter school's plans for providing transportation, food service, and all other significant operational or ancillary services, if any;
 - (w) opportunities and expectations for parent involvement;
 - (x) a detailed school startup plan, identifying tasks, timelines, and responsible individuals;
 - (y) a description of the proposed public charter school's financial plan and policies, including financial controls and audit requirements;
 - (z) a description of the insurance coverage the proposed public charter school will obtain;
 - (aa) startup and 5-year budgets with clearly stated assumptions;
 - (bb) startup and first-year cash flow projections with clearly stated assumptions;
 - (cc) evidence of anticipated fundraising contributions, if claimed in the proposal; and
 - (dd) a sound facilities plan, including backup or contingency plans, if appropriate.
- (4) If a public charter school proposal does not contain the elements required in subsection (3), the board shall consider the proposal incomplete and return the proposal to the applicant without taking further action.

(5) In reviewing and evaluating charter proposals, the board shall employ procedures, practices, and criteria consistent with nationally recognized best practices, principles, and standards for the authorization of public charter schools. The proposal review process must include thorough evaluation of each written charter proposal, an in-person interview with the applicant, and an opportunity in a public forum for local residents to learn about and provide input on each proposal.

(6) In deciding whether to approve charter proposals, the board shall:

- (a) grant charters only to applicants that have demonstrated competence in each element of the board's published approval criteria and are likely to open and operate a successful public charter school;
- (b) base decisions on documented evidence collected through the proposal review process;
- (c) for an applicant that is not a local school board, request input from the qualified electors of the located school district regarding concerns about the applicant's proposal being approved;
- (d) follow charter-granting policies and practices that are transparent and are based on merit and avoid conflicts of interest or any appearance of conflict; and
- (e) weigh heavily the evidence of community support, the projected student enrollment, and the input received under subsection (6)(c) and only approve charters whose promise of improved educational outcomes outweighs potential increased costs to state and local taxpayers.

(7) (a) The board shall approve or deny a charter proposal within 90 days after the filing of the charter proposal. When approval is granted to a governing board other than a local school board, the approval constitutes corresponding approval of the creation of a separate charter school district, the boundaries for which consist of the legal description of the campus of the charter school. These boundaries must be removed from the boundaries of the located school district for the purpose of establishing a distinct boundary for the charter school district that is subject to exclusive supervision and control by the governing board of the charter school district.

- (b) The board shall adopt by resolution all charter approval or denial decisions in an open meeting.
- (c) An approval decision may include, if appropriate, reasonable conditions that the applicant must meet before a charter contract may be executed pursuant to [section 6].
- (d) For any charter denial, the board shall clearly state for the public record the reasons for denial.

Section 6. Charter contract -- terms. (1) An initial charter must be granted for a term of 5 operating years, commencing on July 1 of the first school year the public charter school will operate. An approved public charter school may delay its opening for 1 school year to plan and prepare for the school's opening. If the school requires an opening delay of more than 1 school year, the school shall request an extension from the board of public education. The board of public education may grant or deny the extension depending on the school's circumstances.

(2) Within 45 days of approval of a charter proposal, the board of public education and the governing board of the approved public charter school district shall execute a charter contract that clearly sets forth the academic and operational performance expectations and measures by which the public charter school will be judged.

(3) The performance provisions of the charter contract may be refined or amended by mutual agreement after the public charter school is operating and has collected baseline achievement data for its enrolled students.

(4) The charter contract must be signed by the presiding officers of the board of public education and the public charter school's governing board.

(5) A public charter school may not commence operations without a charter contract executed in accordance with this section and approved in an open meeting of the board of public education.

(6) The board of public education may establish reasonable preopening requirements or conditions to monitor the startup progress of a newly approved public charter school to ensure that the school is prepared to open smoothly on the date agreed and to ensure that each school meets all building, health, safety, insurance, and other legal requirements for school opening.

Section 7. Governing board -- initial board -- elections -- terms. (1) Subsections (2) through (5) apply to a public charter school not governed by the local school board.

(2) The governing board of a public charter school district must be composed of 7 members. The boundaries of the charter school district consist of the legal description of the campus of the charter school. A majority of the governing board members must be qualified electors of the county in which the public charter school is located. Members must:

- (a) be qualified electors in the county in which the public charter school is located or a contiguous county but need not be qualified electors of the located school district; and
- (b) possess documented knowledge or experience in the mission or focus of the public charter school.
- (3) An applicant for a proposed public charter school shall identify the members of the initial governing board of the charter school district of which the charter school is a part in the proposal submitted to the board of public education. The initial governing board is responsible for preoperation of and initial operation of the public charter school.
- (4) At the regular school election in the first year of operation of a public charter school, members must be elected by the qualified electors of the located school district in the same manner as local school boards, except as provided in subsections (2) and (5), in an election conducted by the local school board in the school district in which the public charter school is located. Any elector qualified to vote in the located school district under the provisions of 20-20-301 may vote.
- (5) Members of governing boards serve for terms of 5 years, and the terms of members must be staggered to ensure continuity on the governing board.
- (6) If the governing board of a public charter school is the local school board, the governing board shall establish and appoint members of an advisory board to provide recommendations and insight regarding the public charter school's operations. Members of the advisory board must include members with knowledge or experience in the mission or focus of the public charter school.

Section 8. Enrollment. (1) (a) A public charter school must be open to any student residing in the state.

- (b) A school district may not require a student enrolled in the school district to attend a public charter school.
- (c) A public charter school may limit admission to students within a given age group or grade level.
- (d) A public charter school may be organized for a special emphasis, theme, or concept as stated in the school's proposal.
- (e) A public charter school shall enroll all students who wish to attend the school unless the

number of students exceeds the capacity of a program, class, grade level, or building.

(f) If capacity is insufficient to enroll all students who wish to attend the school, the public charter school shall select students through a lottery.

(2) (a) A public charter school shall give enrollment preference to students who are residents of the located school district.

(b) A public charter school may give enrollment preference to:

(i) students who were enrolled in the public charter school the previous school year and to siblings of students already enrolled in the public charter school. An enrollment preference for returning students excludes those students from entering a lottery.

(ii) children of members of a public charter school's governing board and full-time employees, limited to no more than 10% of the school's total student population.

(3) This section does not preclude the formation of a public charter school for the purpose of serving students with disabilities, students of the same gender, students who pose a sufficiently severe disciplinary problem to warrant a specific educational program, or students who are at risk of academic failure. If capacity is insufficient to enroll all students who wish to attend such a school, the public charter school shall select students through a lottery.

(4) If a student who was previously enrolled in a public charter school enrolls in any other public school in this state, the student's new school shall accept credits earned by the student in courses or instructional programs at the public charter school.

(5) A school district shall provide or publicize to parents and the general public information about public charter schools as an enrollment option within the district to the same extent and through the same means that the district provides and publicizes information about noncharter public schools in the district.

(6) The board of public education may not restrict the number of students a public charter school may enroll. The capacity of the public charter school must be determined annually by the governing board in consideration of the public charter school's ability to facilitate the academic success of its students, to achieve the objectives specified in the charter contract, and to ensure that its student enrollment does not exceed the capacity of its facility or site.

Section 9. Charter school performance and renewal. (1) The performance provisions within the charter contract must be based on a performance framework that clearly sets forth the academic and operational performance indicators, measures, and metrics that will guide the board of public education's evaluations of each public charter school. The performance framework must include indicators, measures, and metrics for, at a minimum:

- (a) student academic proficiency;
- (b) student academic growth;
- (c) achievement gaps in both proficiency and growth between major student subgroups;
- (d) attendance;
- (e) recurrent enrollment from year to year;
- (f) postsecondary readiness;
- (g) financial performance and sustainability; and
- (h) governing board performance and stewardship, including compliance with all applicable laws,

regulations, and terms of the charter contract.

(2) Each public charter school shall set annual performance targets designed to help each school meet applicable federal, state, and board of public education expectations.

(3) (a) The contract performance framework must allow the inclusion, with the board of public education's approval, of additional rigorous, valid, and reliable indicators proposed by a public charter school to augment external evaluations of its performance that are consistent with the purposes of [sections 1 through 14].

(b) The board of public education shall collect and analyze data from each public charter school it oversees in accordance with the performance framework.

(c) Multiple schools operating under a single charter contract or overseen by a single governing board of a charter school district shall report their performance as separate, individual schools. Each school must be held independently accountable for its performance.

(4) (a) The board of public education shall monitor the performance and legal compliance of each public charter school district and each public charter school, including collecting and analyzing data to support ongoing evaluation according to the charter contract. The board of public education has the authority to conduct

or require oversight activities that do not unduly inhibit the autonomy granted to public charter schools and the supervision and control of a public charter school's governing board but that enable the board to fulfill its responsibilities under [sections 1 through 14], including conducting appropriate inquiries and investigations consistent with the intent of [sections 1 through 14], and to adhere to the terms of the charter contract.

(b) The board of public education shall annually publish a performance report for each public charter school within the performance framework set forth in the charter contract and [section 10]. The board may require each public charter school it oversees to submit an annual report to assist the board in gathering complete information about each school, consistent with the performance framework.

(c) In the event that a public charter school's performance or legal compliance appears unsatisfactory, the board of public education shall promptly notify the governing board of the perceived problem and provide a reasonable opportunity for the school to remedy the problem.

(d) The board of public education may take appropriate corrective action or exercise sanctions short of revocation in response to apparent deficiencies in public charter school performance or legal compliance. The action or sanctions may include, if warranted, requiring a governing board to develop and execute a corrective action plan within a specified timeframe.

(5) (a) A charter may be renewed for successive 5-year terms, although the board of public education may vary the term based on the performance, demonstrated capacities, and particular circumstances of each public charter school. The board may grant renewal with specific conditions for necessary improvement to a public charter school.

(b) No later than June 30 of each year, the board of public education shall issue a public charter school performance report and charter renewal application guide to the governing board of any public charter school whose charter will expire the following year. The performance report must summarize the public charter school's performance record to date, based on the data required by [sections 1 through 14] and the charter contract, and must provide notice of any weaknesses or concerns perceived by the board concerning the public charter school that may jeopardize renewal if not promptly rectified. The public charter school shall respond to the performance report and submit any corrections or clarifications within 90 days.

(6) The renewal application guide must, at a minimum, provide an opportunity for the governing board of the public charter school to:

- (a) present additional evidence, beyond the data contained in the performance report, supporting its case for charter renewal;
 - (b) describe improvements undertaken or planned for the public charter school; and
 - (c) detail the public charter school's plans for the next charter term.
- (7) The renewal application guide must include or refer explicitly to the criteria that will guide the board's renewal decisions, based on the performance framework set forth in the charter contract and consistent with [sections 1 through 14].

(8) (a) No later than February 1, the governing board of a public charter school seeking renewal shall submit a renewal application to the board of public education pursuant to the renewal application guide. The board of public education shall rule by resolution on the renewal application no later than 30 days after the filing of the renewal application.

- (b) When considering charter renewal, the board of public education shall:
- (i) base its decision on evidence of the school's performance over the term of the charter contract in accordance with the performance framework set forth in the charter contract;
 - (ii) ensure that the data used in making renewal decisions is available to the school and the public;
- and
- (iii) provide a public report summarizing the basis for each decision.

Section 10. Charter contract revocation and school closure or charter contract nonrenewal. (1)

A charter contract may be subject to nonrenewal or revocation if the board of public education determines that the public charter school:

- (a) committed a material and substantial violation of any of the terms, conditions, standards, or procedures required under [sections 1 through 14] or the charter contract and from which the public charter school was not exempted;
- (b) failed to meet or make sufficient progress toward the performance expectations set forth in the charter contract;
- (c) failed to meet public safety standards; or
- (d) failed to meet generally accepted standards of fiscal management.

- (2) The board of public education shall develop revocation and nonrenewal processes that:
 - (a) provide the governing board with timely notification of the prospect of revocation or nonrenewal and of the reasons for the possible closure;
 - (b) allow the governing board a reasonable amount of time in which to prepare a response;
 - (c) provide the governing board an opportunity to submit documents and testimony at a hearing to challenge the rationale for the closure recommendation and in support of the continuation of the school;
 - (d) allow the governing board to be represented by counsel and call witnesses on their behalf;
 - (e) permit the recording of the proceedings; and
 - (f) provide for a final determination conveyed in writing to the governing board.
- (3) If the board of public education revokes or denies renewal of a charter, the board shall clearly state, by resolution, the reasons for the revocation or nonrenewal.
- (4) Within 10 days of taking action to renew, not renew, or revoke a charter, the board of public education shall provide a copy of the resolution setting forth the action taken and reasons for the decision.
- (5)
 - (a) Prior to a public charter school closure, the board of public education shall develop a public charter school closure protocol to ensure timely notification to parents, orderly transition of students and student records to new schools, and proper disposition of school funds, property, and assets in accordance with the requirements of [sections 1 through 14]. The protocol must specify responsible parties, transition and closure timelines, and a delineation of the respective duties of the governing board of the public charter school and the board of public education.
 - (b) The board of public education shall oversee the closure and work with the governing board of the public charter school to ensure a smooth and orderly closure and transition for students and parents.
 - (c) In the event of a public charter school closure for any reason, the nonrestricted distributable assets of the public charter school must be distributed first to satisfy outstanding payroll obligations for employees of the public charter school, then to creditors of the public charter school, then to public school districts to which students previously attending the closed charter school are returning on a prorated per-pupil basis, and then to the state general fund. If the assets of the public charter school are insufficient to pay all obligations, the prioritization of the distribution of assets may be determined by a court of law.

Section 11. Public charter school operation and autonomy. (1) (a) A public charter school must be a public education organization.

(b) A public charter school is subject to all federal laws and authorities as provided in [sections 1 through 14] or arranged by charter contract with the board of public education consistent with applicable laws, rules, and regulations.

(c) Except as provided in [sections 1 through 14] and in the public charter school's charter contract, a public charter school is subject to the provisions of Title 20 and any state or local rule, regulation, policy, or procedure relating to noncharter public schools within the located school district.

(d) A single governing board may hold one or more charter contracts. A charter contract may consist of one or more schools, to the extent approved by the board of public education and consistent with applicable law. Each public charter school that is part of a charter school district must be under the supervision and control of the governing board of the charter school district.

(2) A public charter school district or public charter school may not be created within the geographical boundaries of a third-class elementary district, as defined in 20-6-201, or a third-class high school district, as defined in 20-6-301, unless the applicant is the local school board.

(3) The governing board of a public charter school shall function as a local educational agency. A public charter school is responsible for meeting the requirements of a local educational agency under applicable federal, state, and local laws, including those relating to special education.

(4) The governing board of a public charter school is responsible for special education at the school, including identification and service provisions, and is responsible for meeting the needs of enrolled students with disabilities.

(5) The governing board of a public charter school district has all the powers necessary for carrying out the terms of its charter contract, including the following powers:

- (a) to receive and disburse funds for school purposes;
- (b) to secure appropriate insurance and to enter into contracts and leases, free from prevailing wage laws;
- (c) to incur debt in reasonable anticipation of the receipt of public or private funds;
- (d) to pledge, assign, or encumber its assets to be used as collateral for loans or extensions of

credit;

(e) to solicit and accept gifts or grants for school purposes subject to applicable laws and the terms of its charter contract;

(f) to acquire real property, for use as its facility or facilities, from public or private sources; and

(g) to sue and be sued in its own name.

(6) (a) A public charter school may not engage in any sectarian practices in its educational program, admissions policies, employment policies or practices, or operations.

(b) The powers, obligations, and responsibilities set forth in the charter contract may not be delegated or assigned by either party except as otherwise specifically provided in [sections 1 through 14].

(7) (a) A public charter school is subject to the same civil rights, health, and safety requirements applicable to other public schools in the state except as otherwise specifically provided in [sections 1 through 14].

(b) The governing board shall establish graduation requirements and may award degrees and issue diplomas.

(c) A governing board is subject to and shall comply with state open meeting and public records laws pursuant to Title 2, chapters 3 and 6.

(d) A public charter school shall establish purchasing procedures that include a competitive bidding process for purchases or contracts exceeding \$80,000.

(8) (a) Employees in public charter schools have the same rights and privileges as other public school employees except as otherwise provided in [sections 1 through 14].

(b) Teachers and other school personnel, as well as governing board members, are subject to criminal history record checks and fingerprinting requirements.

(c) Public charter school employees may not be required to be members of any existing collective bargaining agreement between a school district and its employees. However, a public charter school may not interfere with laws and other applicable rules protecting the rights of employees to organize and to be free from discrimination.

Section 12. Funding for public charter schools. (1) It is the intent of the legislature that a public

charter school receive operational funding on a per-pupil basis that is equitable with the per-pupil funding of the located school district.

(2) (a) For budgeting and funding purposes, when a public charter school is operated by a local school board, a public charter school must be considered a separate budget unit of the located school district, must have its ANB calculated separately from other budget units of the district, and must receive a basic entitlement calculated separately from other budget units of the district when its ANB is greater than:

- (i) 70 for an elementary school or program;
- (ii) 20 for a middle school or program; or
- (iii) 40 for a high school or program.

(b) When a public charter school district exists, funding of the public charter school district must be distributed as BASE aid, except as provided in subsection (2)(c), at 80% of the basic entitlement, 80% of the total per-ANB entitlement, 100% of the total quality educator payment, 100% of the total at-risk student payment, 100% of the total Indian education for all payment, 100% of the total American Indian achievement gap payment, 100% of the total data-for-achievement payment, and 140% of the special education allowable cost payment. The total amount of funding received by a public charter school district under this subsection (2)(b) is both the minimum amount and the maximum amount of public funding for the public charter school district.

(c) A public charter school district is not eligible for a basic entitlement unless its ANB is greater than:

- (i) 70 for an elementary school or program;
- (ii) 20 for a middle school or program; or
- (iii) 40 for a high school or program.

(3) Students attending a public charter school governed by a local school board who are not residents of the located school district generate funding in the same manner as other nonresident students attending a school of the located district under an out-of-district attendance agreement pursuant to Title 20, chapter 5, part 3;

(4) A public charter school district is prohibited from charging tuition and fees.

(5) For a public charter school that is not governed by the local school board, the county treasurer

of the county in which a public charter school is located shall establish funds for the public charter school separate from the funds of the located school district.

(6) The governing board of a public charter school shall report annually on the financial activities of the public charter school in the manner prescribed in 20-9-213(6).

(7) A public charter school district may obligate the public charter school district to indebtedness and is solely responsible for those debts. A public charter school district is not responsible for any debt service obligations that exist in the located school district.

(8) Nothing in [sections 1 through 14] may be construed to prohibit any person or organization from providing funding or other assistance for the establishment or operation of a public charter school. The governing board of a public charter school is authorized to accept gifts or donations of any kind made to the public charter school and to expend or use the gifts or donations in accordance with the conditions prescribed by the donor. A gift or donation may not be accepted if the gift or donation is subject to a condition that is contrary to any provision of law or term of the charter contract.

(9) Money received by a public charter school from any source and remaining in the public charter school's accounts at the end of a budget year must remain in the public charter school's accounts for use by the public charter school in subsequent years.

Section 13. Public charter school access to district facilities and land. (1) A public charter school district has a right of first refusal to purchase or lease at or below fair market value a closed public school facility or property or an unused portion of a public school facility or property within the located school district.

(2) A public charter school district may negotiate and contract at or below fair market value with a school district, the governing body of a college or university or community college, or any other public entity or for-profit or nonprofit private entity for the use of a facility for a school building.

(3) All applicable laws governing the sale or disposition of property of a school district under 20-6-604 apply to this section.

Section 14. Public charter school account. (1) There is a public charter school account in the state special revenue fund provided for in 17-2-102 and administered by the board of public education. The purpose

of the account is for the receipt and expenditure of gifts, grants, legacies, devises, and donations given specifically to support the creation and operation of public charter schools created under [sections 1 through 14].

(2) All donations must be from a private source and may not be expended for any purpose other than for the benefit of qualifying public charter schools as determined by the board of public education. Money in the account is derived from a private nonstate source and is payable by the board of public education without an appropriation pursuant to 17-8-101.

(3) A gift or donation made directly to a specific public charter school or schools is not prohibited by this section.

Section 15. Transition. The legislature intends that the board of public education prepare to solicit public charter school proposals so that public charter schools may be operational for the school year beginning July 1, 2024.

Section 16. Codification instruction. [Sections 1 through 14] are intended to be codified as a new part in Title 20, chapter 6, and the provisions of Title 20, chapter 6, apply to [sections 1 through 14].

Section 17. Effective date. [This act] is effective July 1, 2023.

- END -

I hereby certify that the within bill,
HB 549, originated in the House.

Chief Clerk of the House

Speaker of the House

Signed this _____ day
of _____, 2023.

President of the Senate

Signed this _____ day
of _____, 2023.

HOUSE BILL NO. 549

INTRODUCED BY F. ANDERSON, E. BUTTREY, L. JONES, J. DOOLING, T. MOORE, D. BEDEY, L.
REKSTEN, S. GALLOWAY, M. BERTOGLIO, M. BINKLEY, G. PARRY, C. SPRUNGER, J. ETCHART, B.
BARKER

AN ACT AUTHORIZING THE ESTABLISHMENT OF PUBLIC CHARTER SCHOOLS AND DISTRICTS AS A MEANS OF PROVIDING ADDITIONAL EDUCATIONAL OPPORTUNITIES; PROVIDING LEGISLATIVE FINDINGS AND INTENT; DEFINING "PUBLIC CHARTER SCHOOL" AND PROVIDING OTHER DEFINITIONS; PRESCRIBING DUTIES FOR THE BOARD OF PUBLIC EDUCATION AND REQUIRED ELEMENTS OF CHARTER APPLICATIONS AND CHARTER CONTRACTS; ESTABLISHING REPORTING REQUIREMENTS; PROVIDING ENROLLMENT AND GOVERNANCE REQUIREMENTS FOR PUBLIC CHARTER SCHOOLS; PROVIDING FOR THE CREATION, RENEWAL, REVOCATION, AND CLOSURE OF PUBLIC CHARTER SCHOOLS; PROVIDING FOR PERFORMANCE MEASURES FOR PUBLIC CHARTER SCHOOLS; PROVIDING FOR FUNDING OF PUBLIC CHARTER SCHOOLS; ESTABLISHING THE PUBLIC CHARTER SCHOOL ACCOUNT; AND PROVIDING AN EFFECTIVE DATE.