



Celebrating Chartering @ 30 – MINNESOTA'S STORY

While the House was adopting a resolution to celebrate the 10th anniversary of the charter law and chartered schools, it was also working on legislative proposals to address a series of accountability issues. The **2001 Legislature enacted a series of accountability measures** which dealt with conflict of interest, board governance, finances, and facilities.

Conflict of Interest

- The legislature prohibited employees or agents, or contractors with a for-profit or non-profit entity which the school contracted from serving on the school's board of directors. It also gave the authority to void a contract if there was a violation of this prohibition.
- It also clarified that conflict of interest **did not apply** to compensation paid to a teacher employed by the school who also serves as a member of the board of directors.

Board Governance

- The legislature required that a non-profit corporation or a cooperative be established and the charter school board have at least five (5) members.
- It also required that by the end of the third year of operation, the majority of the board needed to be teachers employed by the school. It also gave the commissioner the authority to waive this requirement, and
- Additionally, it required the commissioner to annually provide timely financial management training to new board members and ongoing training to the other board members. It also specified the topics for the training.

Audit

- The legislature required that a charter school must submit an audit report to the commissioner by December 31st each year.

- It required that the audit must follow governmental auditing standards and the Federal Single Audit Act, as well as a series of state laws regulating public finances.
- It also required that if the audit indicated that material weakness exists, the school was required to submit a written report about how the weakness would be resolved.
- Additionally, it also required the audit to include a copy of all agreements for corporate management service, and required that if the entity providing the professional services was a non-profit, it must submit a copy of its IRS report by February 15th
- Finally, it clarified that the school must make available in a timely manner the minutes of the members, board of directors, and any committee having any of the authority of the board, as well as financial reports and a summary of assets and liabilities upon request of an individual.

Facilities and Lease Aid

- The legislature prohibited a charter from entering into a lease of property with a related party unless the lessor was a non-profit corporation or cooperative and the lease cost was reasonable.
- It then defined "related party", "affiliate", "close relative", "person".
- It also required that leases include a provision that if the school closes, the commissioner has the right to recover from the lessor any lease payments in excess of those that are reasonable under the lease aid law.
- Then the law was amended to define the criteria for the commissioner to approve or deny the lease aid application and prohibited the school from using lease aid for custodial, maintenance services, utilities, or other operating expenses.

Aid Payments to Charter Schools

- The legislature established how funding would be paid if a charter school closed prior to the end of the school year.
- It also established a quarterly report requirement for the school to be able to receive state aid payments during the first three years of operation, and then in subsequent years submit student enrollment information to the department in the form and manner requested.

Charter School Advisory Council

- The legislature established a seven (7) member advisory council to be composed of individuals who have demonstrated experience with or interest in charter schools. It went on to define the matters related to charter schools that should be brought to the attention of the commissioner.

Authorizing

- The legislature gave the authority to the commissioner to sponsor charter schools.
- It also gave a school district the authority to create a corporation for the purpose of creating their own charter school.
- Finally, it increased the amount a sponsor could assess for monitoring and evaluating the fiscal and student performance of the school.

NEXT WEEK: 2001 -2002 – What Did Not Pass, and What Did Become Law in 2003?



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