

**Legislative Regulation
Review Committee**

2011-022

State Board of Education

THE OPERATION OF CHARTER SCHOOLS

STATE OF CONNECTICUT
REGULATION
of
State Department of Education
Name of Agency

Concerning

Subject Matter of Regulations
Operation of a Charter School

The Regulations of Connecticut State Agencies are adopted as follows:

Operation of a Charter School

(NEW) Sec. 10-66__-1. Definitions

As used in sections 10-66__-1 to 10-66__-7, inclusive, of the Regulations of Connecticut State Agencies:

- (a) "Affiliated" means being united, connected, allied, associated, or attached in any manner.
- (b) "Allowable direct or indirect costs" means documented costs that are necessary, reasonable and related to providing services to the charter school.
- (c) "Charter management organization" has the same meaning as provided in section 10-66aa of the Connecticut General Statutes.
- (d) "Charter school" has the same meaning as provided in section 10-66aa of the Connecticut General Statutes.
- (e) "Governing board" means governing council of a charter school and any committee established by two or more governing boards pursuant to Section 10-158a of the Connecticut General Statutes.
- (f) "Related Party" means being affiliated, principal owner or manager, including members of their immediate families, and other parties that can significantly influence the management or operating policies or have an ownership interest in one of the transacting parties.
- (g) "Share board members" means taking part in the office or activities of the governing board of one or more charter schools or affiliated charter management organization during the same point in time or term of office.
- (h) "Transfer" means any act that passes an interest or control of any unsecured, noninterest bearing state or federal funds between charter schools and from a charter school to a charter management organization.

(NEW) Sec. 10-66__-2. Disclosure of Board Members and Management Personnel

- (a) A charter school shall disclose to the Commissioner of Education the name, position and address of any person including, but not limited to, a contractor, employee, or volunteer who sits as a member on the governing board of a charter school. The Commissioner of Education shall prescribe the format for the disclosure of information. The charter school shall disclose the information within fourteen days from the appointment, designation or election of the person to the governing board.
- (b) A charter management organization affiliated with a charter school shall disclose to the Commissioner of Education the name, position and address of any person including, but not limited to, a contractor, employee or volunteer who sits as a member on the governing board of a charter school. The Commissioner of Education shall prescribe the format for the disclosure of information and the disclosure shall be made within fourteen days from the appointment, designation or election to the governing board.
- (c) A charter school and charter management organization shall disclose to the Commissioner of Education the name, position, duties of the position and address of any person they share in a management position including, but not limited to, a contractor, employee or volunteer. The Commissioner of Education shall prescribe the format for the disclosure of information and the disclosure shall be made within fourteen days from the first day of shared service.

(NEW) Sec. 10-66__-3 Prohibition of Sharing Board Members

- (a) A charter school shall not share board members with other charter schools.
- (b) A charter school shall not share board members with any affiliated charter school management organization.

- (c) An affiliated charter school management organization operating a charter school shall not share board members with other charter schools or affiliated charter school management organizations.

(NEW) Sec. 10-66__-4 Prohibition of Transfer of State and Federal Funds

- (a) A charter school shall not enter into any agreement whatsoever resulting in the transfer of any unsecured, noninterest bearing state or federal funds to another charter school.
- (b) A charter school shall not enter into any agreement whatsoever resulting in the transfer of any unsecured, noninterest bearing state or federal funds to any charter school management organization.
- (c) A charter school that has entered into a cooperative arrangement pursuant to Section 10-66ee(m) of the Connecticut General Statutes is not prohibited from making payments in a timely manner to another charter school or a charter management organization for reasonable and necessary costs and expenses expressed in the cooperative arrangement.

(NEW) Sec. 10-66__-5 Direct and Indirect Costs

- (a) The costs incurred by an affiliated charter management organization operating a charter school are allowable if such costs are documented, necessary, reasonable and related to providing services to the charter school.
- (b) In addition, costs incurred by an affiliated charter management organization operating a charter school are allowable if such costs meet the provisions contained in the State of Connecticut Office of Policy and Management "Cost Standards" issued on September 1, 2006, as amended from time to time.
- (c) In situations in which the charter management organization is considered a "related party," allowable and unallowable costs are further defined in the above-named "Cost Standards."

(NEW) Sec. 10-66__-6 Calculation of Per Pupil Service Fees

- (a) The method used to calculate an affiliated charter management organization's per pupil service fee shall be defined in the agreement between the charter school and the charter management organization. The methodology shall consider allowable costs defined in the above-named "Cost Standards." Any per pupil fee shall be based upon the number of students enrolled and attending as of October 1st of the year.
- (b) Related parties shall not include mark-ups, profits or rates of return.

(NEW) Sec. 10-66__-7 Collection of Private Donations

- (a) A charter management organization may collect private donations for distribution to charter schools.
- (b) A charter management organization shall keep records of all donations received, accepted and disbursed to charter schools.

STATEMENT OF PURPOSE: Section 15 of Public Act 10-111, requires the State Board of Education to adopt regulations on or before July 1, 2011. The regulations must:

- (1) Prohibit a charter school and any affiliated charter management organization operating such charter school from sharing board members with other charter schools and such charter management organizations.
- (2) Require the disclosure of sharing management personnel.
- (3) Prohibit unsecured, noninterest bearing transfers of state and federal funds between charter schools and from charter schools to charter management organizations.
- (4) Define allowable direct or indirect costs and the methodology to be used by charter management organizations to calculate per pupil service fees.
- (5) Permit charter management organizations to collect private donations for purposes of distributing to charter schools.

The establishment of the proposed regulations will ensure that the SBE meet the requirements of the law. The regulations will ensure the relationships between charter schools and any affiliated charter management organizations operating such charter schools provide financial and managerial accountability.

CERTIFICATION

Be it known that the foregoing (check one) Regulations Emergency Regulations
 are (check all that apply) Adopted Amended as hereinabove stated Repealed
 by the aforesaid agency pursuant to section(s) 10-66mm of the **General Statutes**
 and/or Public Act number(s) 10-111(15)

(If applicable) after publication of notice of intent in the **Connecticut Law Journal** on 1/4/2011,

(If applicable) and the holding of an advertised public hearing on 1/18 and 1/24, 2011;

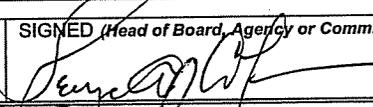
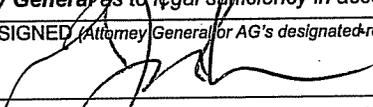
WHEREFORE, the foregoing regulations are hereby (check all that apply)

Adopted Amended as hereinabove stated Repealed

EFFECTIVE: (check one, and complete as applicable)

When filed with the Secretary of the State

OR (insert date) _____

In Witness Whereof:	DATE	SIGNED (Head of Board, Agency or Commission)	OFFICIAL TITLE, DULY AUTHORIZED
			Acting Commissioner of Education
APPROVED by the Attorney General as to legal sufficiency in accordance with CGS Section 4-169, as amended			
DATE	SIGNED (Attorney General or AG's designated representative)	OFFICIAL TITLE, DULY AUTHORIZED	
<u>7/6/11</u>		Assoc A. G.	
Or <input type="checkbox"/> DEEMED APPROVED by the Attorney General in accordance with CGS Section 4-169, as amended, due to failure to give notice to the agency of any legal insufficiency within thirty (30) days of the receipt of the proposed regulation.			
DATE	SIGNED (Head of Board, Agency or Commission)	OFFICIAL TITLE, DULY AUTHORIZED	
		ASSOC ATT GENERAL	

(For Regulation Review Committee Use ONLY)

- Approved Rejected without prejudice
- Approved with technical corrections Disapproved in part, (Indicate Section Numbers disapproved only)
- Deemed approved pursuant to CGS 4-170(c) as amended

By the Legislative Regulation Review Committee in accordance with CGS Section 4-170, as amended	DATE	SIGNED (Administrator, Legislative Regulation Review Committee)
Two certified copies received and filed and one such copy forwarded to the Commission on Official Legal Publications in accordance with CGS Section 4-172, as amended.		
DATE	SIGNED (Secretary of the State)	BY

INSTRUCTIONS

- All regulations proposed for adoption, amendment or repeal, *except* emergency regulations, must be presented to the Attorney General for his/her determination of legal sufficiency. (See CGS Section 4-169.)
- After approval by the Attorney General, original and eighteen (18) copies of all regulations proposed for adoption, amendment or repeal must be presented to the standing Legislative Regulation Review Committee for its action. (See CGS Section 4-170.)
- Each proposed regulation must be in the form intended for publication and each section must include the appropriate regulation section number and section heading. (See CGS Section 4-172.)
- New language added to an existing regulation must be in underlining or CAPITAL LETTERS, as determined by the Regulation Review Committee. (See CGS 4-170(b).)
- Language to be deleted must be enclosed in brackets []. (See CGS 4-170(b).)
- A new regulation or new section of a regulation must be preceded by the word "(NEW)" in capital letters. (See CGS Section 4-170(b).)
- The proposed regulation must have a statement of its purpose following the final section of the regulation. (See CGS Section 4-170(b).)
- Additional information regarding rules and procedures of the Legislative Regulation Review Committee can be found on the Committee's web site: <http://www.cga.ct.gov/rr/>.
- A copy of the Legislative Commissioners' Regulations Drafting Manual is located on the LCO website at <http://www.cga.ct.gov/lco/LCODraftRegu.asp>.