



# Senate

General Assembly

**File No. 715**

January Session, 2015

Substitute Senate Bill No. 1096

*Senate, April 16, 2015*

The Committee on Education reported through SEN. SLOSSBERG of the 14th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## **AN ACT CONCERNING CHARTER SCHOOLS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 10-66aa of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2015*):

3 As used in [sections 10-66aa to 10-66ff] this section, sections 10-66bb  
4 to 10-66nn, inclusive, as amended by this act, and [sections 10-66hh to  
5 10-66kk, inclusive] sections 5 to 10, inclusive, of this act:

6 (1) "Charter school" means a public, nonsectarian school which is  
7 (A) established under a charter granted pursuant to section 10-66bb, as  
8 amended by this act, (B) organized as a nonprofit entity under state  
9 law, (C) a public agency for the purposes of the Freedom of  
10 Information Act, as defined in section 1-200, and (D) operated  
11 independently of any local or regional board of education in  
12 accordance with the terms of its charter and the provisions of [sections  
13 10-66aa to 10-66ff] this section and sections 10-66bb to 10-66nn,  
14 inclusive, as amended by this act, and sections 5 to 10, inclusive, of this

15 act, provided no member or employee of a governing council of a  
16 charter school shall have a personal or financial interest in the assets,  
17 real or personal, of the school;

18 (2) "Local charter school" means a public school or part of a public  
19 school that is converted into a charter school and is approved by the  
20 local or regional board of education of the school district in which it is  
21 located and by the State Board of Education pursuant to subsection (e)  
22 of section 10-66bb, as amended by this act;

23 (3) "State charter school" means a new public school approved by  
24 the State Board of Education pursuant to subsection (f) of section 10-  
25 66bb, as amended by this act;

26 (4) "Charter management organization" means any [entity that] not-  
27 for-profit organization that (A) is exempt from taxation under Section  
28 501(c)(3) of the Internal Revenue Code of 1986, or any subsequent  
29 corresponding internal revenue code of the United States, as amended  
30 from time to time, and (B) contracts with a charter school [contracts  
31 with] for educational design, implementation or whole school  
32 management services; [and]

33 (5) "Whole school management services" means the financial,  
34 business, operational and administrative functions for a school; and

35 (6) "Charter" means a contract between the governing council of a  
36 charter school and the State Board of Education that sets forth the  
37 roles, powers, responsibilities and performance expectations of each  
38 party to the contract.

39 Sec. 2. Section 10-66bb of the general statutes is repealed and the  
40 following is substituted in lieu thereof (*Effective July 1, 2015*):

41 (a) (1) On and after July 1, 1997, and prior to July 1, 2015, the State  
42 Board of Education may grant charters for local and state charter  
43 schools in accordance with this section. On and after July 1, 2015, such  
44 state board may grant initial certificates of approval for charters for  
45 local and state charter schools in accordance with this section. Upon

46 granting an initial certificate of approval for a charter, such state board  
47 shall submit a copy of the initial certificate of approval for the charter  
48 and a summary of the comments made at a public hearing conducted  
49 pursuant to subdivision (2) of subsection (e) of this section or  
50 subparagraph (B)(ii) of subdivision (1) of subsection (f) of this section,  
51 in accordance with section 11-4a, to the joint standing committees of  
52 the General Assembly having cognizance of matters relating to  
53 education and appropriations and the budgets of state agencies.

54 (2) The General Assembly may appropriate funds for the expenses  
55 of the local and state charter schools. Upon such appropriation with  
56 respect to an initial certificate of approval for a charter for a local or  
57 state charter school, such initial certificate of approval for a charter  
58 shall be effective and such initial certificate of approval for a charter  
59 shall be deemed a charter.

60 (3) A charter or initial certificate of approval for a charter granted  
61 under this section shall not be considered a license, as defined in  
62 section 4-166, for the purposes of chapter 54.

63 (b) Any [person, association, corporation, organization or other  
64 entity] not-for-profit organization that is exempt from taxation under  
65 Section 501(c)(3) of the Internal Revenue Code of 1986, or any  
66 subsequent corresponding internal revenue code of the United States,  
67 as amended from time to time, public or independent institution of  
68 higher education, local or regional board of education or two or more  
69 boards of education cooperatively, or regional educational service  
70 center may apply to the Commissioner of Education, at such time and  
71 in such manner as the commissioner prescribes, to [establish] obtain an  
72 initial certificate of approval for a charter, [school,] provided no  
73 nonpublic elementary or secondary school may be established as a  
74 charter school and no parent or group of parents providing home  
75 instruction may establish a charter school for such instruction.

76 (c) On and after July 1, [2012] 2015, the State Board of Education  
77 shall review, annually, all applications and grant initial certificates of  
78 approval for charters, in accordance with subsections (e) and (f) of this

79 section, for a local or state charter school located in a town that has one  
80 or more schools that have been designated as a commissioner's  
81 network school, pursuant to section 10-223h, at the time of such  
82 application, or a town that has been designated as a low achieving  
83 school district, pursuant to section 10-223e, at the time of such  
84 application. (1) Except as provided for in subdivision (2) of this  
85 subsection, no state charter school shall enroll (A) (i) more than two  
86 hundred fifty students, or (ii) in the case of a kindergarten to grade  
87 eight, inclusive, school, more than three hundred students, or (B)  
88 twenty-five per cent of the enrollment of the school district in which  
89 the state charter school is to be located, whichever is less. (2) In the  
90 case of a state charter school found by the State Board of Education to  
91 have a demonstrated record of achievement, said board shall, upon  
92 application by such school to said board, waive the provisions of  
93 subdivision (1) of this subsection for such school. (3) The State Board of  
94 Education shall give preference to applicants for charter schools (A)  
95 whose primary purpose is the establishment of education programs  
96 designed to serve one or more of the following student populations: (i)  
97 Students with a history of low academic performance, (ii) students  
98 who receive free or reduced priced lunches pursuant to federal law  
99 and regulations, (iii) students with a history of behavioral and social  
100 difficulties, (iv) students identified as requiring special education, (v)  
101 students who are English language learners, or (vi) students of a single  
102 gender; (B) whose primary purpose is to improve the academic  
103 performance of an existing school that has consistently demonstrated  
104 substandard academic performance, as determined by the  
105 Commissioner of Education; (C) that will serve students who reside in  
106 a priority school district pursuant to section 10-266p; (D) that will serve  
107 students who reside in a district in which seventy-five per cent or more  
108 of the enrolled students are members of racial or ethnic minorities; (E)  
109 that demonstrate highly credible and specific strategies to attract,  
110 enroll and retain students from among the populations described in  
111 subparagraph (A)(i) to (A)(vi), inclusive, of this subdivision; or (F) that,  
112 in the case of an applicant for a state charter school, such state charter  
113 school will be located at a work-site or such applicant is an institution

114 of higher education. In determining whether to grant an initial  
115 certificate of approval for a charter, the State Board of Education shall  
116 consider (i) the effect of the proposed charter school on (I) the  
117 reduction of racial, ethnic and economic isolation in the region in  
118 which it is to be located, (II) the regional distribution of charter schools  
119 in the state, [and] (III) the potential of over-concentration of charter  
120 schools within a school district or in contiguous school districts, and  
121 (IV) the state's efforts to close achievement gaps, as defined in section  
122 10-1600, and (ii) the comments made at a public hearing conducted  
123 pursuant to subdivision (2) of subsection (e) of this section or  
124 subparagraph (B)(ii) of subdivision (1) of subsection (f) of this section.

125 (d) Applications pursuant to this section shall include a description  
126 of: (1) The mission, purpose and any specialized focus of the proposed  
127 charter school; (2) the interest in the community for the establishment  
128 of the charter school; (3) the school governance and procedures for the  
129 establishment of a governing council that (A) includes (i) teachers and  
130 parents and guardians of students enrolled in the school, and (ii) the  
131 chairperson of the local or regional board of education of the town in  
132 which the charter school is located and which has jurisdiction over a  
133 school that resembles the approximate grade configuration of the  
134 charter school, or the designee of such chairperson, provided such  
135 designee is a member of the board of education or the superintendent  
136 of schools for the school district, or the superintendent's designee, and  
137 (B) is responsible for the oversight of charter school operations,  
138 provided no member or employee of the governing council may have a  
139 personal or financial interest in the assets, real or personal, of the  
140 school; (4) the financial plan for operation of the school, provided no  
141 application fees or other fees for attendance, except as provided in this  
142 section, may be charged; (5) the educational program, instructional  
143 methodology and services to be offered to students; (6) the number  
144 and qualifications of teachers and administrators to be employed in the  
145 school; (7) the organization of the school in terms of the ages or grades  
146 to be taught and the total estimated enrollment of the school; (8) the  
147 student admission criteria and procedures to (A) ensure effective  
148 public information, (B) ensure open access on a space available basis,

149 including the enrollment of students during the school year if spaces  
150 become available in the charter school, (C) promote a diverse student  
151 body, and (D) ensure that the school complies with the provisions of  
152 section 10-15c and that it does not discriminate on the basis of  
153 disability, athletic performance or proficiency in the English language,  
154 provided the school may limit enrollment to a particular grade level or  
155 specialized educational focus and, if there is not space available for all  
156 students seeking enrollment, the school may give preference to siblings  
157 but shall otherwise determine enrollment by a lottery, except the State  
158 Board of Education may waive the requirements for such enrollment  
159 lottery pursuant to subsection (j) of this section; (9) a means to assess  
160 student performance that includes participation in mastery  
161 examinations, pursuant to section 10-14n; (10) procedures for teacher  
162 evaluation and professional development for teachers and  
163 administrators; (11) the provision of school facilities, pupil  
164 transportation and student health and welfare services; (12)  
165 procedures to encourage involvement by parents and guardians of  
166 enrolled students in student learning, school activities and school  
167 decision-making; (13) procedures to document efforts to increase the  
168 racial and ethnic diversity of staff; (14) a five-year plan to sustain the  
169 maintenance and operation of the school; [and] (15) a student  
170 recruitment and retention plan that shall include, but not be limited to,  
171 a clear description of a plan and the capacity of the school to attract,  
172 enroll and retain students from among the populations described in  
173 subparagraph (A)(i) to (A)(v), inclusive, of subdivision (3) of  
174 subsection (c) of this section; (16) a plan to share student learning  
175 practices and experiences with the local or regional board of education  
176 of the town in which the proposed charter school is to be located; and  
177 (17) in the case of an application in which the governing council of the  
178 proposed charter school intends to contract with a charter  
179 management organization for whole school management services: (A)  
180 Evidence of the charter management organization's ability to (i) serve  
181 student populations that are similar to the student population that will  
182 be served by the proposed charter school, (ii) create strong academic  
183 outcomes for students, and (iii) successfully manage nonacademic

184 school functions, (B) a term sheet that sets forth (i) the length of the  
185 contract for whole school management services, (ii) the roles and  
186 responsibilities of the governing council of the proposed charter  
187 school, the staff of the proposed charter school and the charter  
188 management organization, (iii) the scope of services and resources to  
189 be provided by the charter management organization, (iv) the  
190 performance evaluation measures and timelines, (v) the compensation  
191 structure, including a clear identification of all fees to be paid to the  
192 charter management organization, (vi) the methods of contract  
193 oversight and enforcement, and (vii) the conditions for renewal and  
194 termination of the contract, and (C) evidence of compliance with the  
195 provisions of section 10 of this act. Subject to the provisions of  
196 subsection (b) of section 10-66dd, an application may include, or a  
197 charter school may file, requests to waive provisions of the general  
198 statutes and regulations not required [by] under sections 10-66aa to  
199 [10-66ff] 10-66nn, inclusive, as amended by this act, and sections 5 to  
200 10, inclusive, of this act, and which are within the jurisdiction of the  
201 State Board of Education.

202 (e) An application for the establishment of a local charter school  
203 shall be submitted to the local or regional board of education of the  
204 school district in which the local charter school is to be located for  
205 approval pursuant to this subsection. The local or regional board of  
206 education shall: (1) Review the application; (2) hold a public hearing in  
207 the school district on such application; (3) survey teachers and parents  
208 in the school district to determine if there is sufficient interest in the  
209 establishment and operation of the local charter school; and (4) vote on  
210 a complete application not later than [sixty] seventy-five days after the  
211 date of receipt of such application. Such board of education may  
212 approve the application by a majority vote of the members of the  
213 board present and voting at a regular or special meeting of the board  
214 called for such purpose. If the application is approved, the board shall  
215 forward the application to the State Board of Education. The State  
216 Board of Education shall vote on the application not later than  
217 [seventy-five] sixty days after the date of receipt of such application.  
218 Subject to the provisions of subsection (c) of this section, the State

219 Board of Education may approve the application and grant the initial  
220 certificate of approval for the charter for the local charter school or  
221 reject such application by a majority vote of the members of the state  
222 board present and voting at a regular or special meeting of the state  
223 board called for such purpose. The State Board of Education may  
224 condition the opening of such school on the school's meeting certain  
225 conditions determined by the Commissioner of Education to be  
226 necessary and may authorize the commissioner to release the initial  
227 certificate of approval for the charter when the commissioner  
228 determines such conditions are met. [The state board may grant the  
229 charter for the local charter school] After an initial certificate of  
230 approval for a charter for a local charter school is deemed a charter  
231 pursuant to subdivision (2) of subsection (a) of this section, such  
232 charter may be valid for a period of time of up to five years. [and] The  
233 state board may allow the applicant to delay its opening for a period of  
234 up to one school year in order for the applicant to fully prepare to  
235 provide appropriate instructional services. On and after July 1, 2015,  
236 any initial certificate of approval for a charter granted by the state  
237 board to a local charter school shall include academic and  
238 organizational performance goals, developed by the state board, that  
239 set forth the performance indicators, measures and metrics that will be  
240 used by the state board to evaluate the local charter school.

241 (f) (1) Except as otherwise provided in subdivision (2) of this  
242 subsection, an application for the establishment of a state charter  
243 school shall be (A) submitted to the State Board of Education for  
244 approval in accordance with the provisions of this subsection, and (B)  
245 filed with the local or regional board of education in the school district  
246 in which the charter school is to be located. The state board shall: (i)  
247 Review such application; (ii) hold a public hearing on such application  
248 in the school district in which such state charter school is to be located;  
249 (iii) solicit and review comments on the application from the local or  
250 regional board of education for the school district in which such  
251 charter school is to be located and from the local or regional boards of  
252 education for school districts that are contiguous to the district in  
253 which such school is to be located; and (iv) vote on a complete

254 application not later than ninety days after the date of receipt of such  
255 application. The State Board of Education may approve an application  
256 and grant the initial certificate of approval for the charter for the state  
257 charter school by a majority vote of the members of the state board  
258 present and voting at a regular or special meeting of the state board  
259 called for such purpose. The State Board of Education may condition  
260 the opening of such school on the school's meeting certain conditions  
261 determined by the Commissioner of Education to be necessary and  
262 may authorize the commissioner to release the initial certificate of  
263 approval for the charter when the commissioner determines such  
264 conditions are met. [Charters shall be granted] After an initial  
265 certificate of approval for a charter for a state charter school is deemed  
266 a charter pursuant to subdivision (2) of subsection (a) of this section,  
267 such charter may be valid for a period of time of up to five years. [and]  
268 The state board may allow the applicant to delay its opening for a  
269 period of up to one school year in order for the applicant to fully  
270 prepare to provide appropriate instructional services. On and after  
271 July 1, 2015, any initial certificate of approval for a charter granted by  
272 the state board to a state charter school shall include academic and  
273 organizational performance goals, developed by the state board, that  
274 set forth the performance indicators, measures and metrics that will be  
275 used by the state board to evaluate the state charter school.

276 (2) On and after July 1, 2012, and before July 1, [2017] 2015, the State  
277 Board of Education shall not approve more than four applications for  
278 the establishment of new state charter schools unless two of the four  
279 such applications are for the establishment of two new state charter  
280 schools whose mission, purpose and specialized focus is to provide  
281 dual language programs or other models focusing on language  
282 acquisition for English language learners. Approval of applications  
283 under this subdivision shall be in accordance with the provisions of  
284 this section.

285 (g) Charters may be renewed, upon application, in accordance with  
286 the provisions of this section for the granting of such charters. Upon  
287 application for such renewal, the State Board of Education may

288 commission an independent appraisal of the performance of the  
289 charter school that includes, but is not limited to, an evaluation of the  
290 school's compliance with the provisions of this section and, on and  
291 after July 1, 2015, progress in meeting the academic and organizational  
292 performance goals set forth in the charter granted to the charter school.  
293 The State Board of Education shall consider the results of any such  
294 appraisal in determining whether to renew such charter. The State  
295 Board of Education may deny an application for the renewal of a  
296 charter if (1) student progress has not been sufficiently demonstrated,  
297 as determined by the commissioner, (2) the governing council has not  
298 been sufficiently responsible for the operation of the school or has  
299 misused or spent public funds in a manner that is detrimental to the  
300 educational interests of the students attending the charter school, (3)  
301 the school has not been in compliance with the terms of the charter  
302 granted by the state board, applicable laws and regulations, [or] (4) the  
303 efforts of the school have been insufficient to effectively attract, enroll  
304 and retain students from among the following populations: (A)  
305 Students with a history of low academic performance, (B) students  
306 who receive free or reduced priced lunches pursuant to federal law  
307 and regulations, (C) students with a history of behavioral and social  
308 difficulties, (D) students identified as requiring special education, or  
309 (E) students who are English language learners, or (5) the governing  
310 council of the state or local charter school has not established  
311 communications with the local or regional board of education of the  
312 town in which the state or local charter school is located to share  
313 student learning practices and experiences. If the State Board of  
314 Education does not renew a charter, it shall notify the governing  
315 council of the charter school of the reasons for such nonrenewal. On  
316 and after July 1, 2015, any charter renewed by the State Board of  
317 Education shall include academic and organizational performance  
318 goals, developed by the state board, that set forth the performance  
319 indicators, measures and metrics that will be used by the state board to  
320 evaluate the charter school.

321 (h) The Commissioner of Education may at any time place a charter  
322 school on probation if (1) the school has failed to (A) adequately

323 demonstrate student progress, as determined by the commissioner, (B)  
324 comply with the terms of its charter or with applicable laws and  
325 regulations, (C) achieve measurable progress in reducing racial, ethnic  
326 and economic isolation, or (D) maintain its nonsectarian status, or (2)  
327 the governing council has demonstrated an inability to provide  
328 effective leadership to oversee the operation of the charter school or  
329 has not ensured that public funds are expended prudently or in a  
330 manner required by law. If a charter school is placed on probation, the  
331 commissioner shall provide written notice to the charter school of the  
332 reasons for such placement, not later than five days after the  
333 placement, and shall require the charter school to file with the  
334 Department of Education a corrective action plan acceptable to the  
335 commissioner not later than thirty-five days from the date of such  
336 placement. The charter school shall implement a corrective action plan  
337 accepted by the commissioner not later than thirty days after the date  
338 of such acceptance. The commissioner may impose any additional  
339 terms of probation on the school that the commissioner deems  
340 necessary to protect the educational or financial interests of the state.  
341 The charter school shall comply with any such additional terms not  
342 later than thirty days after the date of their imposition. The  
343 commissioner shall determine the length of time of the probationary  
344 period, which may be up to one year, provided the commissioner may  
345 extend such period, for up to one additional year, if the commissioner  
346 deems it necessary. In the event that the charter school does not file or  
347 implement the corrective action plan within the required time period  
348 or does not comply with any additional terms within the required time  
349 period, the Commissioner of Education may withhold grant funds  
350 from the school until the plan is fully implemented or the school  
351 complies with the terms of probation, provided the commissioner may  
352 extend the time period for such implementation and compliance for  
353 good cause shown. Whenever a charter school is placed on probation,  
354 the commissioner shall notify the parents or guardians of students  
355 attending the school of the probationary status of the school and the  
356 reasons for such status. During the term of probation, the  
357 commissioner may require the school to file interim reports concerning

358 any matter the commissioner deems relevant to the probationary  
359 status of the school, including financial reports or statements. No  
360 charter school on probation may increase its student enrollment or  
361 engage in the recruitment of new students without the consent of the  
362 commissioner.

363 (i) The State Board of Education may revoke a charter if a charter  
364 school has failed to: (1) Comply with the terms of probation, including  
365 the failure to file or implement a corrective action plan; (2)  
366 demonstrate satisfactory student progress, as determined by the  
367 commissioner; (3) comply with the terms of its charter or applicable  
368 laws and regulations; or (4) manage its public funds in a prudent or  
369 legal manner. Unless an emergency exists, prior to revoking a charter,  
370 the State Board of Education shall provide the governing council of the  
371 charter school with a written notice of the reasons for the revocation,  
372 including the identification of specific incidents of noncompliance with  
373 the law, regulation or charter or other matters warranting revocation  
374 of the charter. [It] The State Board of Education shall also provide the  
375 governing council with the opportunity to demonstrate compliance  
376 with all requirements for the retention of its charter by providing the  
377 State Board of Education or a subcommittee of the board, as  
378 determined by the State Board of Education, with a written or oral  
379 presentation. Such presentation shall include an opportunity for the  
380 governing council to present documentary and testimonial evidence to  
381 refute the facts cited by the State Board of Education for the proposed  
382 revocation or in justification of its activities. Such opportunity shall not  
383 constitute a contested case within the meaning of chapter 54. The State  
384 Board of Education shall determine, not later than thirty days after the  
385 date of an oral presentation or receipt of a written presentation,  
386 whether and when the charter shall be revoked and notify the  
387 governing council of the decision and the reasons therefor. A decision  
388 to revoke a charter shall not constitute a final decision for purposes of  
389 chapter 54. In the event an emergency exists in which the  
390 commissioner finds that there is imminent harm to the students  
391 attending a charter school, the State Board of Education may  
392 immediately revoke the charter of the school, provided the notice

393 concerning the reasons for the revocation is sent to the governing  
394 council not later than ten days after the date of revocation and the  
395 governing council is provided an opportunity to make a presentation  
396 to the board not later than twenty days from the date of such notice.

397 (j) (1) The governing council of a state or local charter school may  
398 apply to the State Board of Education for a waiver of the requirements  
399 of the enrollment lottery described in subdivision (8) of subsection (d)  
400 of this section, provided such state or local charter school has as its  
401 primary purpose the establishment of education programs designed to  
402 serve one or more of the following populations: (A) Students with a  
403 history of behavioral and social difficulties, (B) students identified as  
404 requiring special education, (C) students who are English language  
405 learners, or (D) students of a single gender.

406 (2) An enrollment lottery described in subdivision (8) of subsection  
407 (d) of this section shall not be held for a local charter school that is  
408 established at a school that is among the schools with a percentage  
409 equal to or less than five per cent when all schools are ranked highest  
410 to lowest in school performance index scores, as defined in section 10-  
411 223e.

412 Sec. 3. Section 10-66cc of the general statutes is repealed and the  
413 following is substituted in lieu thereof (*Effective July 1, 2015*):

414 (a) The governing council of a charter school shall submit annually,  
415 to the Commissioner of Education, a strategic school profile report as  
416 described in subsection (c) of section 10-220.

417 (b) The governing council of each charter school shall submit  
418 annually, to the Commissioner of Education, at such time and in such  
419 manner as the commissioner prescribes, and, in the case of a local  
420 charter school, to the local or regional board of education for the school  
421 district in which the school is located, a report on the [condition of the  
422 school] school's progress in meeting the academic and organizational  
423 performance goals set forth in the charter granted by the state board,  
424 including a description of (1) the educational progress of students in

425 the school, (2) the financial condition of the school, including a  
426 certified audit statement of all revenues from public and private  
427 sources and expenditures, (3) the school's accomplishment of the  
428 mission, purpose and any specialized focus of the charter school, (4)  
429 the racial and ethnic composition of the student body and efforts taken  
430 to increase the racial and ethnic diversity of the student body, and (5)  
431 best practices employed by the school that contribute significantly to  
432 the academic success of students.

433 Sec. 4. Section 10-66ll of the general statutes is repealed and the  
434 following is substituted in lieu thereof (*Effective July 1, 2015*):

435 Annually, the [commissioner] Commissioner of Education shall  
436 randomly select one state charter school, as defined in subdivision (3)  
437 of section 10-66aa, as amended by this act, to be subject to a  
438 comprehensive financial audit conducted by an independent auditor  
439 selected and monitored by the [Commissioner of Education]  
440 commissioner. Except as provided [for] in subsection (d) of section 10-  
441 66ee, the charter school shall be responsible for all costs associated  
442 with the audit conducted pursuant to the provisions of this section.

443 Sec. 5. (NEW) (*Effective July 1, 2015*) (a) On and after October 1, 2015,  
444 each member of a governing council of a state or local charter school  
445 shall complete training related to charter school governing council  
446 responsibilities and best practices at least once during the term of the  
447 charter.

448 (b) On and after October 1, 2015, each governing council of state and  
449 local charter schools shall adopt anti-nepotism and conflict of interest  
450 policies consistent with state law and best practices in nonprofit  
451 corporate governance.

452 Sec. 6. (NEW) (*Effective July 1, 2015*) Each charter management  
453 organization of a state or local charter school or, if there is no charter  
454 management organization associated with a state or local charter  
455 school, the governing council of such charter school, shall submit  
456 annually, to the Commissioner of Education, (1) a certified audit

457 statement of all revenues from public and private sources and  
458 expenditures, and (2) a complete copy of such organization's or  
459 council's most recently completed Internal Revenue Service form 990,  
460 including all parts and schedules.

461       Sec. 7. (NEW) (*Effective July 1, 2015*) The Commissioner of Education  
462 shall post any reports, certified audit statements and forms submitted  
463 to the Department of Education pursuant to section 10-66cc of the  
464 general statutes, as amended by this act, and section 6 of this act on the  
465 department's Internet web site not later than thirty days after receiving  
466 such reports, statements or forms. The commissioner shall identify any  
467 charter management organization or governing council of a charter  
468 school that did not submit a report, certified audit statement or form  
469 for the current reporting period and post such information on the  
470 department's Internet web site not later than thirty days after failing to  
471 receive such reports, statements or forms.

472       Sec. 8. (NEW) (*Effective July 1, 2015*) (a) On and after July 1, 2015, the  
473 State Board of Education shall require members of the governing  
474 council of a state or local charter school and members of a charter  
475 management organization to submit to a records check of the  
476 Department of Children and Families child abuse and neglect registry,  
477 established pursuant to section 17a-101k of the general statutes, and to  
478 state and national criminal history records checks before the state  
479 board grants initial certificates of approval for charters pursuant to  
480 section 10-66bb of the general statutes, as amended by this act, or  
481 before such members may be hired by the governing council of a state  
482 or local charter school or charter management organization. The  
483 criminal history records checks required under this subsection shall be  
484 conducted in accordance with section 29-17a of the general statutes.

485       (b) On and after July 1, 2015, the governing council of a state or local  
486 charter school shall require each applicant for a position in a state or  
487 local charter school and each contractor doing business with a state or  
488 local charter school, who performs a service involving direct student  
489 contact, to submit to a records check of the Department of Children

490 and Families child abuse and neglect registry, established pursuant to  
491 section 17a-101k of the general statutes, and to state and national  
492 criminal history records checks before such applicant may be hired or  
493 such contractor begins to perform such service. The criminal history  
494 records checks required under this subsection shall be conducted in  
495 accordance with section 29-17a of the general statutes.

496       Sec. 9. (NEW) (*Effective July 1, 2015*) (a) If a governing council of a  
497 state or local charter school plans to make a material change in the  
498 school's operations, such governing council of such charter school shall  
499 submit, in writing, a request to amend the school's charter to the State  
500 Board of Education. For purposes of this section, "material change"  
501 means a change that fundamentally alters a charter school's mission,  
502 organizational structure or educational program, including, but not  
503 limited to, (1) altering the educational model in a fundamental way, (2)  
504 opening an additional school building, (3) contracting for or  
505 discontinuing a contract for whole school management services with a  
506 charter management organization, (4) renaming the charter school, (5)  
507 changing the grade configurations of the charter school, or (6)  
508 increasing or decreasing the total student enrollment capacity of the  
509 charter school by twenty per cent or more.

510       (b) In determining whether to grant a request by a state or local  
511 charter school to amend its charter, the State Board of Education shall  
512 (1) review the written request of the charter school, (2) solicit and  
513 review comments on the request from the local or regional board of  
514 education of the town in which the charter school is located, and (3)  
515 vote on the request not later than sixty days after the date of receipt of  
516 such request or as part of the charter renewal process. The state board  
517 may approve the material change by a majority vote of the members of  
518 the state board present and voting at a regular or special meeting of  
519 the state board called for such purpose or for the purpose of  
520 considering whether to renew the charter of the charter school,  
521 pursuant to subsection (g) of section 10-66bb of the general statutes, as  
522 amended by this act.

523       Sec. 10. (NEW) (*Effective July 1, 2015*) (a) The governing council of a  
524 state or local charter school may only enter into a contract for whole  
525 school management services with a charter management organization.

526       (b) The governing council of a state or local charter school shall not  
527 enter into any contract for whole school management services that is  
528 contrary to state or federal law or regulations, which entails any  
529 financial or other conflicts of interest, or which amends, alters or  
530 modifies any provision of the charter granted by the State Board of  
531 Education to the school. To the extent that there is a conflict between  
532 the terms of the charter of the school and a contract for whole school  
533 management services, the terms of the charter shall govern.

534       (c) The governing council of a state or local charter school shall  
535 submit any contract for whole school management services between  
536 such governing council and charter management organization to the  
537 State Board of Education for approval. The state board, in determining  
538 whether to approve such contract, shall (1) review such contract, (2)  
539 solicit and review comments on such contract from the local or  
540 regional board of education of the town in which the charter school is  
541 located or in which the proposed charter school is to be located, and (3)  
542 vote on such contract not later than sixty days after the date of receipt  
543 of such contract. The state board may approve such contract by a  
544 majority vote of the members of the state board present and voting at a  
545 regular or special meeting of the state board called for such purpose.  
546 Any contract for whole school management services between the  
547 governing council of a state or local charter school and a charter  
548 management organization shall not take effect unless such contract has  
549 been approved by the State Board of Education.

550       (d) The governing council of a state or local charter school shall not  
551 enter into any contract for whole school management services that  
552 would have the effect of reducing the governing council's  
553 responsibility for the operation of the charter school, or which would  
554 hinder the governing council in exercising effective supervision of the  
555 charter school.

556 (e) Any governing council of a state or local charter school that  
 557 enters into a contract for whole school management services shall  
 558 directly select, retain and compensate the attorney, accountant or audit  
 559 firm representing the governing council.

560 (f) A contract for whole school management services shall include,  
 561 but need not be limited to: (1) The roles and responsibilities of the  
 562 governing council of the charter school and the charter management  
 563 organization, including all services to be provided under the contract,  
 564 (2) the performance measures, mechanisms and consequences by  
 565 which the governing council will hold the charter management  
 566 organization accountable for performance, (3) the compensation to be  
 567 paid to the charter management organization, including all fees,  
 568 bonuses and what such compensation includes or requires, (4)  
 569 financial reporting requirements and provisions for the governing  
 570 council's financial oversight, (5) a choice of law provision that states  
 571 that Connecticut state law shall be the controlling law for the contract,  
 572 and (6) any such information required by the Commissioner of  
 573 Education to ensure compliance with the provisions of chapter 164 of  
 574 the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2015</i>	10-66aa
Sec. 2	<i>July 1, 2015</i>	10-66bb
Sec. 3	<i>July 1, 2015</i>	10-66cc
Sec. 4	<i>July 1, 2015</i>	10-66ll
Sec. 5	<i>July 1, 2015</i>	New section
Sec. 6	<i>July 1, 2015</i>	New section
Sec. 7	<i>July 1, 2015</i>	New section
Sec. 8	<i>July 1, 2015</i>	New section
Sec. 9	<i>July 1, 2015</i>	New section
Sec. 10	<i>July 1, 2015</i>	New section

**Statement of Legislative Commissioners:**

In Sections 1 and 2(d), "sections 6 to 10" was changed to "sections 5 to 10" for internal consistency; in Section 3(b), "a description of" was

inserted after "including" and "the school's" was inserted before "accomplishment" for clarity; in Section 9(a), "a governing council of" was inserted after "If" for clarity; and in Section 9(b), "or in which the proposed charter school is to be located" was deleted for consistency with other provisions of the section.

**ED**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 16 \$	FY 17 \$
Education, Dept.	GF - Cost	109,500	99,500
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	38,457	38,457

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill results in a cost to the State Department of Education (SDE) associated with new requirements in the initial application process, the expanded application review process and the charter renewal process. It is estimated that SDE would require one additional Associate Education Consultant with an average salary of \$99,500 and corresponding fringe benefits of \$38,457.

Additionally, the bill results in a cost of approximately \$10,000 to SDE to provide each charter school governing council member training about governing council responsibilities and best practices at least once during the charter's term. The \$10,000 training cost is not an annual cost, and would only be incurred when new governing council members require training.

The bill also results in minimal costs to charter schools for criminal history background checks for various individuals who manage and

<sup>1</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 38.65% of payroll in FY 16 and FY 17.

work in charter schools. It is estimated that the additional background checks would cost each charter school approximately \$1,500 annually.

Lastly, the bill allows a charter school governing council to enter into a contract with a charter management organization (CMO) only for the purpose of whole school management service. If the charter school opts to enter into a contract with a CMO, the school could incur additional fees for attorney services, which are estimated to range from \$5,000-\$10,000 per school. There are currently 3 CMOs serving 7 charter schools.

SDE provides a per pupil grant of \$11,000 for attending a state charter school. The charter school costs referenced above are not anticipated to increase the associated state appropriation.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, except for the training costs, which are not annual.

**OLR Bill Analysis****sSB 1096*****AN ACT CONCERNING CHARTER SCHOOLS.***

This bill makes the following changes to the laws governing state and local charter schools:

1. redesigns SBE's and the legislature's roles in the charter school application approval process (§ 2);
2. narrows the definition of "charter management organization" in current law to mean a nonprofit, tax-exempt organization, rather than any entity (§ 1);
3. defines "charter," which is undefined in current law, as a contract between the governing council of a charter school and the State Board of Education (SBE) that establishes the roles, powers, responsibilities, and performance expectations of each party to the contract (§ 1);
4. expands SBE's duties in the charter renewal process (§ 2);
5. adds SBE-developed academic and organizational performance goals to initial certificates and charters granted to charter schools (§ 2);
6. requires each charter school governing council's annual report to the education commissioner to describe the school's progress in meeting the academic and organizational goals set forth in its charter (§ 3);
7. requires the education commissioner to monitor the auditor that she selects to randomly audit one state charter school each year, and requires the auditor to be independent (§ 4);

8. requires, beginning October 1, 2015, each charter school governing council member to complete training about governing council responsibilities and best practices at least once during the charter's term (§ 5);
9. requires, beginning October 1, 2015, each charter school governing council to adopt anti-nepotism and conflict of interest policies aligned with state law and nonprofit corporate governance best practices (§ 5);
10. requires each CMO, or governing council in the absence of a CMO, to annually submit to the education commissioner a (a) certified audit statement of revenues from public and private sources and expenditures and (b) complete copy of its most recent Internal Revenue Service Form 990, with all its parts and schedules (§ 6);
11. requires the education commissioner to post online (a) any reports, certified audit statements, or forms that CMOs or governing councils submitted to SDE within 30 days of receipt and (b) the names of any CMOs or governing councils that failed to submit these documents within 30 days of failure of receipt (§ 7);
12. requires, beginning July 1, 2015, various individuals who manage and work in charter schools to submit to several types of background checks (§ 8);
13. establishes a process that governing councils must follow if they wish to make a material change in the charter school's operations (§ 9); and
14. limits the type of contract a governing council may enter into with a CMO to one for whole school management services, and establishes new guidelines for the establishment of these contracts (§ 10).

The bill also makes various conforming and technical changes.

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EFFECTIVE DATE: July 1, 2015

## **§ 2 – CHARTER SCHOOL APPLICATION APPROVAL PROCESS**

The bill redesigns SBE's and the legislature's roles in the charter school application approval process. Under current law, SBE may grant charters to state and local charter schools. The bill removes this authority from SBE and replaces it with the ability to grant charter school operator applicants an initial certificate of approval ("initial certificate"). The initial certificate does not become a charter until the legislature chooses to appropriate funds for the proposed charter school's operation. (This funding authority mirrors the legislature's current practice.) The charter then becomes valid for a five year term.

### ***Initial Certificate Application***

The bill adds new requirements to a prospective charter school's initial certificate application. First, it must contain a plan to share student learning practices and experiences with the local or regional board of education of the town where the proposed charter school is to be located.

Second, if a governing council intends to contract with a CMO for whole school management services, it must show evidence of the CMO's ability to:

1. serve student populations that are similar to those served by the proposed charter school,
2. create strong academic outcomes for students, and
3. successfully manage nonacademic school functions.

The application also must contain a terms sheet that establishes the:

1. contract's length;
2. roles and responsibilities of the governing council, staff, and CMO of the proposed charter school;

3. scope of services and resources the CMO will provide;
4. performance evaluation measures and times;
5. compensation structure, including a clear identification of all fees the CMO will be paid;
6. methods of contract oversight and enforcement; and
7. conditions for renewal and termination of the contract.

Additionally, the application must contain (1) evidence of compliance with whole school management services contracting provisions in law (2) and a provision allowing the superintendent of the district where the proposed school will be located to choose a designee to participate in the establishment of the school's governing council.

### ***Application Approval Process***

The bill also expands the factors SBE must consider when deciding whether to grant an initial certificate to include (1) the state's efforts to close achievement gaps and (2) the comments made at a public hearing that (a) the local or regional school board holds in the district regarding a local charter school applicant or (b) SBE holds in the district where a state charter school applicant would be located.

Under the bill, any charter school applicant that receives an initial certificate must submit to the Education and Appropriation committees (1) a copy of the initial certificate and (2) a summary of the comments made at the public hearing that (a) the local or regional school board holds in the district regarding a local charter school applicant or (b) SBE holds in the district where a state charter school applicant would be located.

For proposed local charter schools, the bill allows the local or regional board of education for the district where the proposed school would be located to vote on its approval 75, rather than 60, days after receipt of the application. Then SBE has 60, rather than 75, days to vote on whether to grant an initial certificate for the proposed local

charter school.

Under the bill, beginning July 1, 2015, any initial certificate SBE approves for a local or state charter school must include academic and organizational performance goals, developed by SBE, that establish performance indicators, measures, and metrics that SBE will use to evaluate the school.

Also, the bill specifies that an initial certificate for a charter is not considered a license as defined under the state's Uniform Administrative Procedure Act.

## **§ 2 – CHARTER RENEWAL PROCESS**

Under current law, SBE may commission an independent appraisal of a charter school's performance as part of the charter application renewal process. Beginning July 1, 2015, the bill allows this appraisal to include progress in meeting the academic and organizational performance goals established in the charter previously granted to the charter school.

Current law allows SBE to deny a charter renewal application for various reasons, such as insufficient student progress or noncompliance with laws and regulations. The bill also allows SBE to deny a renewal if:

1. the school has not been in compliance with the terms of the previously granted charter or
2. the governing council of the school has not established communications with the local or regional board of education in the district where it is located to share student learning practices and experiences.

Beginning July 1, 2015, the bill requires any charter renewed by SBE to include the academic and organizational performance goals, developed by SBE, which establish the performance indicators, measures, and metrics that SBE will use to evaluate the school.

**§ 8 – BACKGROUND CHECKS**

Beginning July 1, 2015, the bill requires various individuals who manage and work in charter schools to submit to several types of background checks. Specifically, SBE must require governing council and CMO members to submit to Department of Children and Families child abuse and neglect registry checks and state and national criminal history records checks (1) prior to SBE granting an initial certificate to the charter school or (2) before the governing council or CMO may hire new members.

It also requires governing councils to require each applicant for a position in local or state charter schools and each contractor doing business with these schools, who have direct student contact, to submit to the same background checks.

**§ 9 – MATERIAL CHANGE IN CHARTER SCHOOL OPERATIONS**

The bill establishes a process that governing councils must follow if they wish to make a material change in the charter school's operations. It defines "material change" as a change that fundamentally alters the school's mission, organizational structure, or educational program, including:

1. altering the educational model in a fundamental way,
2. opening an additional school building,
3. contracting for or discontinuing a contract for whole school management services with a CMO,
4. renaming the charter school,
5. changing the charter school's grade configurations, or
6. increasing or decreasing the total student enrollment capacity of the charter school by 20% or more.

The bill requires a charter school's governing council to give SBE a written request to amend the school's charter if it plans to make a

material change in the school's operations.

Under the bill, SBE must do the following when deciding whether to grant this request:

1. review the written request,
2. solicit and review comments on the request from the local or regional board of education in the district where the school is located, and
3. vote on the request within 60 days of receiving the request or as part of the charter renewal process.

SBE may approve the material change by a majority vote of present voting members at a regular or special meeting called to (1) vote on the change or (2) consider whether to renew the charter.

**§ 10 – WHOLE SCHOOL MANAGEMENT SERVICES CONTRACTS**

The bill allows a charter school governing council to enter into a contract with a CMO only for the purpose of whole school management services. Such a contract must (1) be aligned with state or federal law or regulations, (2) not entail any financial or other conflicts of interest, and (3) not amend, alter, or modify any charter provision. If the contract contains a conflict with the charter terms, then the charter terms must govern.

Under the bill, a contract for whole school management service must include:

1. the governing council's and CMO's roles and responsibilities, including all services to be provided under the contract;
2. performance measures, mechanisms, and consequences by which the governing council will hold the CMO accountable for performance;
3. compensation to be paid to the CMO, including all fees,

bonuses, and a description of what the compensation includes or requires;

4. financial reporting requirements and provisions for the governing council's financial oversight;
5. a choice of law provision that states Connecticut law shall be the controlling law for the contract; and
6. any other information that the education commissioner requires to ensure compliance with state laws that govern educational opportunities.

The bill requires a charter school governing council to submit any whole school management services contract with a CMO to SBE for approval. When determining whether to improve the contract, SBE must:

1. review the contract,
2. solicit and review comments on the contract from the local or regional board of education in the district where the charter school is located or is proposed to be located, and
3. vote on the contract within 60 days of receiving it.

SBE may approve the contract by a majority vote of present voting board members at a regular or special meeting of the board called for this purpose. The contract cannot take effect unless SBE approves it. Any governing council that enters into such a contract must directly select, retain, and compensate the attorney, accountant, or audit firm representing the governing council.

Additionally, the bill prohibits a governing council from entering into any whole school management services contract that would (1) reduce the governing council's responsibility for operating the charter school or (2) hinder the governing council's ability to effectively supervise the charter school.

**COMMITTEE ACTION**

Education Committee

Joint Favorable Substitute

Yea 32 Nay 1 (03/27/2015)