

**SENATE  
STATE OF MINNESOTA  
EIGHTY-NINTH SESSION**

**S.F. No. 1697**

**(SENATE AUTHORS: PETERSEN, B. and Bonoff)**

DATE	D-PG	OFFICIAL STATUS
03/12/2015		Introduction and first reading Referred to Education

1.1 A bill for an act  
 1.2 relating to education; empowering authorizers to terminate contracts based on  
 1.3 student performance; amending Minnesota Statutes 2014, section 124D.10,  
 1.4 subdivision 23.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2014, section 124D.10, subdivision 23, is amended to  
 1.7 read:

1.8 Subd. 23. **Causes for nonrenewal or termination of charter school contract.** (a)  
 1.9 The duration of the contract with an authorizer must be for the term contained in the  
 1.10 contract according to subdivision 6. The authorizer may or may not renew a contract at  
 1.11 the end of the term for any ground listed in paragraph (b). An authorizer may unilaterally  
 1.12 terminate a contract during the term of the contract for any ground listed in paragraph (b).  
 1.13 At least 60 business days before not renewing or terminating a contract, the authorizer  
 1.14 shall notify the board of directors of the charter school of the proposed action in writing.  
 1.15 The notice shall state the grounds for the proposed action in reasonable detail and that the  
 1.16 charter school's board of directors may request in writing an informal hearing before the  
 1.17 authorizer within 15 business days of receiving notice of nonrenewal or termination of  
 1.18 the contract. Failure by the board of directors to make a written request for an informal  
 1.19 hearing within the 15-business-day period shall be treated as acquiescence to the proposed  
 1.20 action. Upon receiving a timely written request for a hearing, the authorizer shall give ten  
 1.21 business days' notice to the charter school's board of directors of the hearing date. The  
 1.22 authorizer shall conduct an informal hearing before taking final action. The authorizer  
 1.23 shall take final action to renew or not renew a contract no later than 20 business days  
 1.24 before the proposed date for terminating the contract or the end date of the contract.

2.1 (b) A contract may be terminated or not renewed upon any of the following grounds:

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

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

2.5 (3) violations of law; or

2.6 (4) other good cause shown.

2.7 If a contract is terminated or not renewed under this paragraph, the school must be  
2.8 dissolved according to the applicable provisions of chapter 317A.

2.9 (c) If the authorizer and the charter school board of directors mutually agree not to  
2.10 renew the contract, a change in authorizers is allowed. The authorizer and the school  
2.11 board must jointly submit a written and signed letter of their intent to the commissioner  
2.12 to mutually not renew the contract. The authorizer that is a party to the existing contract  
2.13 must inform the proposed authorizer about the fiscal, operational, and student performance  
2.14 status of the school, as well as any outstanding contractual obligations that exist. The  
2.15 charter contract between the proposed authorizer and the school must identify and provide  
2.16 a plan to address any outstanding obligations from the previous contract. The proposed  
2.17 contract must be submitted at least 105 business days before the end of the existing  
2.18 charter contract. The commissioner shall have 30 business days to review and make a  
2.19 determination. The proposed authorizer and the school shall have 15 business days to  
2.20 respond to the determination and address any issues identified by the commissioner. A  
2.21 final determination by the commissioner shall be made no later than 45 business days  
2.22 before the end of the current charter contract. If no change in authorizer is approved, the  
2.23 school and the current authorizer may withdraw their letter of nonrenewal and enter into a  
2.24 new contract. If the transfer of authorizers is not approved and the current authorizer and  
2.25 the school do not withdraw their letter and enter into a new contract, the school must be  
2.26 dissolved according to applicable law and the terms of the contract.

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

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

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

2.34 (3) repeated or major violations of the law.

2.35 (e) Notwithstanding other provisions of this subdivision, the authorizer of a charter  
2.36 school may terminate an existing contract between the authorizer and the charter school at

3.1 the end of the current school year, after notifying the charter school board of directors by  
3.2 December 1, if in each of the previous three consecutive school years the performance of  
3.3 the charter school based on federal school accountability measures and on state measures  
3.4 of student performance and growth would place the school in the bottom ten percent of all  
3.5 public schools as determined by the commissioner. If an authorizer chooses to terminate  
3.6 the contract, the school must be closed according to applicable law and the terms of  
3.7 the contract. The authorizer must work with the charter school's board of directors to  
3.8 ensure parents of children currently enrolled at the school are aware of school choice  
3.9 options and receive assistance in selecting an appropriate choice for the next school year.  
3.10 If the authorizer chooses not to terminate the existing contract under these conditions, the  
3.11 authorizer must submit a public, written justification of the decision to the commissioner  
3.12 by December 1. The federal and state measures identified in this paragraph are minimum  
3.13 conditions and are not intended to discourage and do not prevent an authorizer from  
3.14 closing schools which do not meet these conditions.