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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2419

02/22/2012 Authored by Garofalo, Lohmer, Woodard and Slocum
The bill was read for the first time and referred to the Committee on Education Finance

1.1 A bill for an act
1.2 relating to education finance; requiring 90 percent aid payments for charter
1.3 schools in their first three years; amending Minnesota Statutes 2011 Supplement,
1.4 section 124D.11, subdivision 9.

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

1.6 Section 1. Minnesota Statutes 2011 Supplement, section 124D.11, subdivision 9, is
1.7 amended to read:

1.8 Subd. 9. **Payment of aids to charter schools.** (a) Notwithstanding section
1.9 127A.45, subdivision 3, (1) if the current year aid payment percentage under section
1.10 127A.45, subdivision 2, paragraph (d), is 90 or greater, or (2) if the charter school is in its
1.11 first three years of operation, aid payments for the current fiscal year to a charter school
1.12 shall be of an equal amount on each of the 24 payment dates. Notwithstanding section
1.13 127A.45, subdivision 3, if the current year aid payment percentage under section 127A.45,
1.14 subdivision 2, paragraph (d), is less than 90 and the charter school is not in its first three
1.15 years of operation, aid payments for the current fiscal year to a charter school shall be of
1.16 an equal amount on each of the 16 payment dates in July through February.

1.17 (b) Notwithstanding paragraph (a) and section 127A.45, for a charter school ceasing
1.18 operation on or prior to June 30 of a school year, for the payment periods occurring after
1.19 the school ceases serving students, the commissioner shall withhold the estimated state aid
1.20 owed the school. The charter school board of directors and authorizer must submit to the
1.21 commissioner a closure plan under chapter 308A or 317A, and financial information about
1.22 the school's liabilities and assets. After receiving the closure plan, financial information,
1.23 an audit of pupil counts, documentation of lease expenditures, and monitoring of special
1.24 education expenditures, the commissioner may release cash withheld and may continue

2.1 regular payments up to the current year payment percentages if further amounts are
2.2 owed. If, based on audits and monitoring, the school received state aid in excess of the
2.3 amount owed, the commissioner shall retain aid withheld sufficient to eliminate the aid
2.4 overpayment. For a charter school ceasing operations prior to, or at the end of, a school
2.5 year, notwithstanding section 127A.45, subdivision 3, preliminary final payments may
2.6 be made after receiving the closure plan, audit of pupil counts, monitoring of special
2.7 education expenditures, documentation of lease expenditures, and school submission of
2.8 Uniform Financial Accounting and Reporting Standards (UFARS) financial data for the
2.9 final year of operation. Final payment may be made upon receipt of audited financial
2.10 statements under section 123B.77, subdivision 3.

2.11 (c) If a charter school fails to comply with the commissioner's directive to return,
2.12 for cause, federal or state funds administered by the department, the commissioner may
2.13 withhold an amount of state aid sufficient to satisfy the directive.

2.14 (d) If, within the timeline under section 471.425, a charter school fails to pay the state
2.15 of Minnesota, a school district, intermediate school district, or service cooperative after
2.16 receiving an undisputed invoice for goods and services, the commissioner may withhold
2.17 an amount of state aid sufficient to satisfy the claim and shall distribute the withheld
2.18 aid to the interested state agency, school district, intermediate school district, or service
2.19 cooperative. An interested state agency, school district, intermediate school district, or
2.20 education cooperative shall notify the commissioner when a charter school fails to pay an
2.21 undisputed invoice within 75 business days of when it received the original invoice.

2.22 (e) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 80 percent
2.23 of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day
2.24 of student attendance for that school year.

2.25 (f) In order to receive state aid payments under this subdivision, a charter school in
2.26 its first three years of operation must submit a school calendar in the form and manner
2.27 requested by the department and a quarterly report to the Department of Education. The
2.28 report must list each student by grade, show the student's start and end dates, if any,
2.29 with the charter school, and for any student participating in a learning year program,
2.30 the report must list the hours and times of learning year activities. The report must be
2.31 submitted not more than two weeks after the end of the calendar quarter to the department.
2.32 The department must develop a Web-based reporting form for charter schools to use
2.33 when submitting enrollment reports. A charter school in its fourth and subsequent year of
2.34 operation must submit a school calendar and enrollment information to the department in
2.35 the form and manner requested by the department.

3.1 (g) Notwithstanding sections 317A.701 to 317A.791, upon closure of a charter
3.2 school and satisfaction of creditors, cash and investment balances remaining shall be
3.3 returned to the state.

3.4 (h) Notwithstanding section 127A.45, subdivision 2, during the first three years of a
3.5 charter school's operations, the charter school's current year aid payment percentage
3.6 equals 90 percent.

3.7 ~~(h)~~ (i) A charter school must have a valid, signed contract under section 124D.10,
3.8 subdivision 6, on file at the Department of Education at least 15 days prior to the date of
3.9 first payment of state aid for the fiscal year.

3.10 ~~(i)~~ (j) State aid entitlements shall be computed for a charter school only for the
3.11 portion of a school year for which it has a valid, signed contract under section 124D.10,
3.12 subdivision 6.

3.13 **EFFECTIVE DATE.** This section is effective for fiscal year 2013 and later.