

ESSB 5012 - H COMM AMD
By Committee on Education

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** INTENT. The legislature finds that in
4 addition to providing more, high quality public school choices for
5 families, teachers, and students, public charter schools may be a tool
6 for the improvement of schools in which significant numbers of students
7 persistently fail to meet state standards. The legislature also finds
8 that the federal no child left behind act of 2001 authorizes the
9 conversion of noncharter public schools to charter public schools in
10 the restructuring process for schools that persistently fail to make
11 adequate yearly progress in student achievement.

12 The legislature intends to authorize the establishment of charter
13 schools for the primary purpose of providing more, high quality
14 learning environments to assist educationally disadvantaged and other
15 students in meeting the state's academic standards. The legislature
16 also intends to encourage school districts to consider using the
17 chartering process as an optional tool for developing viable school
18 improvement plans aimed at achieving state and federal accountability
19 goals. The legislature also intends to authorize the use of the
20 chartering process as a state intervention strategy to provide focused
21 assistance to low performing schools.

22 NEW SECTION. **Sec. 2.** DEFINITIONS. Unless the context clearly
23 requires otherwise, the definitions in this section apply throughout
24 this chapter.

25 (1) "Alternate sponsor" means either: (a) The educational service
26 district in which the proposed charter school will be located; or (b)
27 either the governing board of a state or regional university as defined
28 in RCW 28B.10.016 or the governing board of The Evergreen State
29 College, in consultation with the educational service district in which

1 the proposed charter school will be located. An institution of higher
2 education, to be eligible as an alternate sponsor, must operate an
3 approved teacher education program meeting state standards leading to
4 teacher certification. Charter schools sponsored under this subsection
5 shall be approved by the governing board of the sponsoring institution
6 or by the dean of the department of the school of education or the
7 school operating the institution's teacher education program, or by an
8 official or agency designated by and accountable to the governing board
9 of the sponsoring institution.

10 (2) "Applicant" means a nonprofit corporation that has submitted an
11 application to a sponsor or an alternate sponsor to obtain approval to
12 operate a charter school. The nonprofit corporation must be either a
13 public benefit nonprofit corporation as defined in RCW 24.03.490, or a
14 nonprofit corporation as defined in RCW 24.03.005 that has applied for
15 tax-exempt status under section 501(c)(3) of the internal revenue code
16 of 1986 (26 U.S.C. Sec. 501(c)(3)). The nonprofit corporation may not
17 be a sectarian or religious organization and must meet all of the
18 requirements for a public benefit nonprofit corporation before
19 receiving any funding under section 12 of this act.

20 (3) "Board of directors" means the board of directors appointed or
21 elected by the applicant to manage and operate the charter school.

22 (4) "Charter" means a contract between an applicant and a sponsor.
23 The charter establishes, in accordance with this chapter, the terms and
24 conditions for the management, operation, and educational program of
25 the charter school.

26 (5) "Charter school" means a public school managed by an
27 applicant's board of directors and operating independently of any
28 school district board under a charter approved in accordance with this
29 chapter.

30 (6) "Conversion charter school" means a noncharter public school
31 converted to a charter public school through the chartering process
32 approved in accordance with this chapter.

33 (7) "Educationally disadvantaged students" includes students who do
34 not speak English proficiently, students with special needs, students
35 who qualify for free and reduced priced meals, and other students who
36 are at risk of failing to meet state and federal academic performance
37 standards.

1 (8) "Sponsor" means the school district in which the charter school
2 is located.

3 NEW SECTION. **Sec. 3.** CHARTER SCHOOLS--POWERS. (1) In carrying
4 out its duty to manage and operate the charter school, the board of
5 directors of a charter school may:

6 (a) Hire, manage, and discharge any charter school employee in
7 accordance with the terms of this chapter and that school's charter;

8 (b) Enter into a contract with any school district, or any other
9 public or private entity, also empowered to enter into contracts, for
10 any and all real property, equipment, goods, supplies, and services,
11 including educational instructional services;

12 (c) Rent, lease, or own property, but may not acquire property by
13 eminent domain. All charters and charter school contracts with other
14 public and private entities must include provisions regarding the
15 disposition of the property if the charter school fails to open as
16 planned, closes, or the charter is revoked or not renewed;

17 (d) Issue secured and unsecured debt to manage cash flow, improve
18 operations, or finance the acquisition of real property or equipment.
19 Such an issuance does not constitute an obligation, either general,
20 special, or moral of the state, the charter school sponsor, the school
21 district in which the charter school is located or any other political
22 subdivision or agency of the state. Neither the full faith and credit
23 nor the taxing power of the state, the charter school sponsor, the
24 school district in which the charter school is located, or any other
25 political subdivision or agency of the state may be pledged for the
26 payment of such debt;

27 (e) Accept and administer for the benefit of the charter school and
28 its students gifts, grants, and donations from other governmental and
29 private entities, excluding sectarian or religious organizations.
30 Charter schools may not accept any gifts or donations the conditions of
31 which violate this chapter.

32 (2) A charter school may not charge tuition, levy taxes, or issue
33 bonds, however it may charge fees for optional noncredit
34 extracurricular events.

35 (3) Neither a charter school sponsor, an alternate sponsor, nor the
36 school district in which the charter school is located is liable for

1 acts or omissions of a charter school, including but not limited to
2 acts or omissions related to the application, the charter, the
3 operation, the performance, and the closure of the charter school.

4 NEW SECTION. **Sec. 4.** LEGAL STATUS. A charter school is a public
5 school including one or more of grades kindergarten through twelve,
6 operated by a board of directors appointed or elected by a charter
7 school applicant, according to the terms of a renewable five-year
8 contract granted by a sponsor or an alternate sponsor. A charter
9 school may offer any program or course of study that a noncharter
10 public school may offer.

11 NEW SECTION. **Sec. 5.** CHARTER SCHOOLS--EXEMPTIONS. (1) A charter
12 school shall operate independently of any school district board, under
13 a charter approved by a sponsor or an alternate sponsor under this
14 chapter.

15 (2) Charter schools are exempt from all state statutes and rules
16 applicable to school districts and school district boards of directors
17 except those statutes and rules as provided for and made applicable to
18 charter schools in accordance with this chapter and in the school's
19 approved charter.

20 (3) A charter school's board of directors may elect to comply with
21 one or more provisions of the statutes or rules that are applicable to
22 school districts and school district board of directors.

23 (4) All approved charter schools shall:

24 (a) Comply with state and federal health, safety, parents' rights,
25 civil rights laws, and nondiscrimination laws, including but not
26 limited to, chapter 28A.640 RCW (sexual equality) and Title IX of the
27 education amendments of 1972 (20 U.S.C. Sec. 1681 et seq.) applicable
28 to school districts, and to the same extent as school districts;

29 (b) Participate in nationally normed standardized achievement tests
30 as required in RCW 28A.230.190, 28A.230.193, and 28A.230.230 and the
31 elementary, middle school, and high school standards, requirements, and
32 assessment examinations as required in RCW 28A.655.060;

33 (c) Employ certificated instructional staff as required in RCW
34 28A.410.010, however charter schools may hire noncertificated

1 instructional staff of unusual competence and in exceptional cases as
2 specified in RCW 28A.150.260. Charter school instructional staff shall
3 comply with RCW 28A.405.030;

4 (d) Comply with the employee record check requirements in RCW
5 28A.400.303;

6 (e) Be subject to the same financial and audit requirements as a
7 school district, and in addition be subject to regular independent
8 performance audits conducted by the state legislative auditor;

9 (f) Comply with the annual performance report under RCW
10 28A.655.110;

11 (g) Follow the performance improvement goals and requirements
12 adopted by the academic achievement and accountability commission by
13 rule under RCW 28A.655.030;

14 (h) Report at least annually to its sponsor, the school district in
15 which the charter school is located, and to parents of children
16 enrolled at the charter school on progress toward the student
17 performance goals specified in the charter;

18 (i) Comply with the open public meetings act in chapter 42.30 RCW
19 and open public records requirements in RCW 42.17.250; and

20 (j) Be subject to and comply with legislation enacted after the
21 effective date of this act governing the operation and management of
22 charter schools.

23 (5) A member of a board of directors of a charter school shall be
24 considered the equivalent of a board member of a school district for
25 the purposes of public disclosure requirements and must comply with the
26 reporting requirements in RCW 42.17.240.

27 NEW SECTION. **Sec. 6.** ADMISSION REQUIREMENTS. (1) Notwithstanding
28 subsection (2) of this section, a conversion charter school may not
29 displace students enrolled prior to the chartering process and must be
30 structured to provide sufficient capacity to enroll all students who
31 wish to remain enrolled in the school after conversion and must give
32 first priority to enrollment of those students.

33 (2) A charter school must enroll all students who submit a timely
34 application if capacity is sufficient. If capacity is insufficient to
35 enroll all students who submit a timely application, the charter school
36 must give enrollment priority to students who reside within the school

1 district boundaries in which the charter school is physically located,
2 students exercising public school choice under the federal no child
3 left behind act of 2001, and students transferring from schools
4 receiving focused assistance. Priority also must be given to siblings
5 of students who are currently enrolled in the school. Students must be
6 selected through an equitable selection process, such as a lottery, to
7 fill any remaining spaces.

8 (3) A charter school must enroll and serve educationally
9 disadvantaged students and may not limit admission on any
10 characteristic listed in RCW 49.60.010. A charter school may limit
11 admission to students within a given age group or grade level.

12 (4) The percentage of educationally disadvantaged students enrolled
13 in a charter school must be equal to or greater than the percentage of
14 such students in a noncharter public school being converted to a
15 charter or in the district in which the charter school is located.

16 NEW SECTION. **Sec. 7.** CHARTER APPLICATION--CHARTERING PROCESS.

17 (1) An applicant may apply to a sponsor or an alternate sponsor to
18 establish a charter school in accordance with this section.

19 (2) An application for a charter school must be submitted first to
20 the board of directors of the school district in which the proposed
21 charter school will be located, allowing for the board's consideration
22 of the application in accordance with subsections (3) and (4) of this
23 section, before the application may be submitted to an alternate
24 sponsor.

25 (3) The school district board of directors must decide, within
26 forty-five days of receipt of the application, whether to hold a public
27 hearing in the school district for the purpose of taking public comment
28 on the application and must schedule such a hearing within seventy-five
29 days of receipt of the application. If the school board intends to
30 accept the application, one or more public hearings must be held prior
31 to the granting of a charter; however a school board is not required to
32 hold a public hearing prior to rejecting an application. The school
33 board must either accept or reject the application within one hundred
34 five days after receipt of the application. The one hundred five-day
35 deadline for acceptance or rejection of the charter school application

1 may be extended for an additional thirty days if both parties agree in
2 writing.

3 (4) If the school board elects not to hold a public hearing or
4 rejects the application after holding one or more public hearings, the
5 school board must notify the applicant in writing of the reasons for
6 that decision. The applicant may submit a revised application for the
7 school board's reconsideration and the school board may provide
8 assistance to improve the application. If the school board rejects the
9 application after submission of a revised application, the school board
10 must notify the applicant in writing of the reasons for the rejection.

11 (5) Applications to an alternate sponsor for the conversion of a
12 noncharter public school to a charter school may be made only to an
13 educational service district sponsor.

14 (6) Alternate sponsors must comply with the procedures in
15 subsections (1) through (4) of this section for consideration of the
16 charter application. A sponsor or alternate sponsor is not bound by
17 another sponsor's or another alternate sponsor's findings or decision
18 to deny the application.

19 (7) The superintendent of public instruction shall maintain copies
20 of all approved charter applications. An applicant may obtain copies
21 of those applications from the office of the superintendent of public
22 instruction.

23 (8) Educational service districts and the superintendent of public
24 instruction are encouraged to assist schools and school districts in
25 which significant numbers of students persistently fail to meet state
26 standards with completing the chartering process. Assistance from an
27 educational service district or from the superintendent of public
28 instruction may include, but is not limited to, identifying potential
29 eligible applicants and assisting with the charter application and
30 approval processes.

31 (9) To the extent authorized in the federal no child left behind
32 act of 2001, under the restructuring and alternative governance
33 provisions for schools failing to meet adequate yearly progress, the
34 superintendent of public instruction may require the conversion in
35 accordance with the provisions of this chapter of a persistently
36 failing or low performing noncharter public school into a charter

1 school for the purpose of meeting state and federal student achievement
2 and accountability requirements.

3 NEW SECTION. **Sec. 8.** APPLICATION REQUIREMENTS. The charter
4 school application is a proposed contract and must include:

5 (1) The identification and description of the nonprofit corporation
6 submitting the application, including the names, descriptions,
7 curriculum vitae, and qualifications, which shall be subject to
8 verification and review, of the individuals who will operate the
9 school;

10 (2) The nonprofit corporation's proposed articles of incorporation,
11 bylaws, and most recent financial statement and balance sheet;

12 (3) A mission statement for the proposed school, consistent with
13 the description of legislative intent in this chapter;

14 (4) A description of the school's educational program, including
15 curriculum and instructional strategies, including whether and how the
16 charter school will assist its educationally disadvantaged students and
17 students transferring from low performing schools in meeting the
18 state's academic standards;

19 (5) A description of the school's admissions policy and marketing
20 program, including deadlines for applications or admissions and
21 evidence supporting enrollment projections of students from low
22 performing schools or of educationally disadvantaged students;

23 (6) A description of student performance standards and requirements
24 that must meet those determined under RCW 28A.655.060, and be measured
25 according to the assessment system determined under RCW 28A.655.060;

26 (7) A description of the plan for evaluating student performance
27 and the procedures for taking corrective action in the event that
28 student performance at the charter school falls below standards
29 established in its charter;

30 (8) A description of the financial plan for the school. The plan
31 shall include: (a) A proposed five-year budget of projected revenues
32 and expenditures; (b) a plan for starting the school; (c) a five-year
33 facilities plan; (d) evidence supporting student enrollment projections
34 of at least twenty students; and (e) a description of major contracts
35 planned for administration, management, equipment, and services,

1 including consulting services, leases, improvements, purchases of real
2 property, and insurance;

3 (9) A description of the proposed financial management procedures
4 and administrative operations, which shall meet or exceed generally
5 accepted standards of management and public accounting;

6 (10) An assessment of the school's potential legal liability and a
7 description of the types and limits of insurance coverage the nonprofit
8 corporation plans to obtain. For purposes of this subsection, a
9 liability insurance policy of five million dollars is required;

10 (11) A description of the procedures to discipline and dismiss
11 students; and

12 (12) A description of procedures to assure the health and safety of
13 students, employees, and guests of the school and to comply with
14 applicable federal and state health and safety laws and regulations.

15 NEW SECTION. **Sec. 9.** APPROVAL CRITERIA. A sponsor or alternate
16 sponsor may approve an application for a charter school, if in the
17 sponsor's or alternate sponsor's reasonable judgment, after exercising
18 due diligence and good faith, the sponsor or alternate sponsor finds:

19 (1) The applicant is an eligible public benefit nonprofit
20 corporation and the individuals it proposes to manage and operate the
21 school are qualified to operate a charter school and implement the
22 proposed educational program;

23 (2) The mission statement is consistent with the description of
24 legislative intent and restrictions on charter school operations in
25 this chapter;

26 (3) The school's proposed educational program is free from
27 religious or sectarian influence;

28 (4) The school's proposed educational program includes student
29 academic performance standards and requirements that meet those
30 determined under RCW 28A.655.060 and are measured according to the
31 assessment system determined under RCW 28A.655.060;

32 (5) The application includes a viable plan for evaluating pupil
33 performance and procedures for taking appropriate corrective action in
34 the event that pupil performance at the charter school falls below
35 standards established in its charter;

1 (6) The school's educational program, including its curriculum and
2 instructional strategies, is likely to assist educationally
3 disadvantaged students and students transferring from low performing
4 schools in meeting the state's academic standards;

5 (7) The school will serve students transferring from low performing
6 schools or educationally disadvantaged students or both, and the
7 school's projected percentage of educationally disadvantaged students
8 is equal to or greater than the percentage of such students in the
9 noncharter public school being converted, or in the district in which
10 the charter school is located;

11 (8) The school's admissions policy and marketing program is
12 consistent with state and federal law;

13 (9) The financial plan for the school is designed to reasonably
14 support the charter school's educational program based on a review of
15 the proposed five-year budget of projected revenues, expenditures, and
16 facilities;

17 (10) The school's financial and administrative operations,
18 including its audits, meet or exceed generally accepted standards of
19 accounting and management;

20 (11) The assessment of the school's potential legal liability, and
21 the types and limits of insurance coverage the school plans to obtain,
22 are adequate. For purposes of this subsection, a liability insurance
23 policy of five million dollars is required;

24 (12) The procedures the school plans to follow for discipline and
25 dismissal of students are reasonable and comply with federal law;

26 (13) The procedures the school plans to follow to assure the health
27 and safety of students, employees, and guests of the school comply with
28 applicable state and federal health and safety laws and regulations;
29 and

30 (14) The public benefit nonprofit corporation has been approved or
31 conditionally approved by the internal revenue service for tax exempt
32 status under section 501(c)(3) of the internal revenue code of 1986 (26
33 U.S.C. Sec. 501(c)(3)).

34 NEW SECTION. **Sec. 10.** CHARTER AGREEMENT--AMENDMENT. (1) A
35 charter application approved by a sponsor or an alternate sponsor with

1 any changes or additions, including performance standards or benchmarks
2 established by the sponsor, constitutes a charter.

3 (2) A charter may be amended during its term at the request of the
4 charter school board of directors and on the approval of the sponsor or
5 alternate sponsor.

6 (3) A charter may not prohibit and must provide for application of
7 laws applicable to charter schools or to charter school boards of
8 directors enacted after the effective date of this section.

9 NEW SECTION. **Sec. 11.** CHARTER RENEWAL AND REVOCATION. (1) An
10 approved plan to establish a charter school is effective for five years
11 from the first day of operation. At the conclusion of the first three
12 years of operation, the charter school may apply to the original
13 sponsor or alternate sponsor for renewal. A request for renewal must
14 be submitted no later than six months before the expiration of the
15 charter.

16 (2) A charter school renewal application must include:

17 (a) A report on the progress of the charter school in achieving the
18 goals; student performance standards, including the student performance
19 standards adopted by rule by the academic achievement and
20 accountability commission in accordance with RCW 28A.655.030; and other
21 terms of the charter; and

22 (b) A financial statement that discloses the costs of
23 administration, instruction, and other expenditure objects and
24 activities of the charter school.

25 (3) The sponsor or alternate sponsor shall reject the application
26 for renewal if the academic progress of students in the charter school,
27 as measured by the standards and assessments in RCW 28A.655.060, is
28 inferior to the average progress of students in the district in which
29 the charter school is located when similar student populations are
30 compared.

31 (4) The sponsor or alternate sponsor may reject the application for
32 renewal if any of the following occurred:

33 (a) The charter school materially violated its contract with the
34 sponsor or alternate sponsor, as set forth in the charter;

35 (b) The students enrolled in the charter school failed to meet
36 student performance standards identified in the charter, including the

1 student performance standards adopted by rule by the academic
2 achievement and accountability commission in accordance with RCW
3 28A.655.030;

4 (c) The charter school failed to meet generally accepted standards
5 of fiscal management; or

6 (d) The charter school violated provisions in law that have not
7 been waived in accordance with this chapter.

8 (5) A sponsor or alternate sponsor shall give written notice of its
9 intent not to renew the charter school's request for renewal to the
10 charter school within three months of the request for renewal to allow
11 the charter school an opportunity to correct identified deficiencies in
12 its operation. At the request of the board of directors of the charter
13 school, the sponsor or alternate sponsor shall review its decision for
14 nonrenewal after the charter school has corrected any identified
15 deficiencies.

16 (6) The sponsor or alternate sponsor may revoke a previously
17 approved charter before the expiration of the term of the charter, and
18 before application for renewal, for any of the reasons specified in
19 subsection (3) or (4) of this section. Except in cases of emergency
20 where the health and safety of children are at risk, a charter may not
21 be revoked unless the sponsor or alternate sponsor first provides
22 written notice of the specific violations alleged, a public hearing in
23 the school district in which the charter school is located, and a
24 reasonable opportunity for the charter school to correct the identified
25 areas of concern. The sponsor or alternate sponsor of a charter school
26 shall provide for an appeal process upon a determination by the sponsor
27 or alternate sponsor that grounds exist to revoke a charter.

28 (7) A charter school planning to close or anticipating revocation
29 or nonrenewal of its charter shall provide a plan setting forth a
30 timeline and the responsible parties for disposition of students and
31 student records and disposition of finances.

32 (a) Immediately following the decision to close a school, the
33 school must:

34 (i) Submit to the sponsor or alternate sponsor a list of parent
35 addresses and proof that the school has communicated the impending
36 closure of the school to all parents and staff;

1 (ii) Assign staff responsible for transition of student records and
2 for providing assistance to students and parents in transferring from
3 the charter school to the district public, private, or home school
4 chosen by the family;

5 (iii) Provide the names and contact information for staff
6 responsible for student transfer of records, as well as the projected
7 transition tasks and timelines to the sponsor or alternate sponsor, and
8 upon completion of student transition, provide a list of students and
9 a brief description of the disposition of their student records to the
10 sponsor or alternate sponsor.

11 (b) Prior to closing the charter school the charter school board of
12 directors shall:

13 (i) Identify a trustee who will, through the process of closing the
14 school and for a term of ten years thereafter, assume responsibility
15 for school and student records, and notify the sponsor or alternate
16 sponsor of the name and contact information for the trustee;

17 (ii) Determine the amount of anticipated revenue due to the school
18 as well as anticipated liabilities, and provide a complete asset and
19 liability report to the sponsor or alternate sponsor;

20 (iii) Create a current and projected payroll and payroll benefits
21 commitment;

22 (iv) List each employee, job, and the funds necessary to complete
23 the educational calendar balance of the year, the transition of
24 students and records, and the administrative close-down tasks;

25 (v) Determine the total moneys required to complete contracts;

26 (vi) Schedule an audit and set aside funds to cover costs; and

27 (vii) Provide the sponsor or alternate sponsor with a plan for the
28 closure of the school and final disposition of all property owned by
29 the charter school.

30 NEW SECTION. **Sec. 12.** FUNDING. (1) For charter schools approved
31 by a sponsor:

32 (a) For purposes of funding, students in charter schools shall be
33 considered students of the sponsoring district for state apportionment
34 purposes. Without violating section 13 of this act, the sponsoring
35 school district shall provide prompt and timely funding for charter
36 schools in amounts the schools would have generated if the students

1 were enrolled in a noncharter public school in the district except that
2 a charter school shall not generate eligibility for small school
3 assistance. Funding for charter schools shall include regular
4 apportionment, categorical, student achievement, and nonbasic education
5 moneys, as appropriate and shall be based on enrollment, staffing, and
6 other financial information submitted by the charter school to the
7 school district as required to determine state apportionment amounts.
8 A sponsor shall submit, by November 1st of each year, to the office of
9 the superintendent of public instruction annual year-end financial
10 information, as prescribed by the superintendent, for each charter
11 school sponsored in the previous school year;

12 (b) Local levy moneys approved by the voters before the effective
13 date of a charter between a school district and an applicant shall not
14 be allocated to a charter school unless the sponsoring school district
15 determines it has received sufficient authority from voters to allocate
16 maintenance and operation excess tax levy money to the charter school.
17 For levies approved after the effective date of a charter, charter
18 schools shall be included in levy planning, budgets, and funding
19 distribution in the same manner as other schools in the district only
20 to the extent agreed to by the school district board of directors. In
21 making the decision, the school district board of directors shall
22 consult with the charter school board of directors; and

23 (c) A charter school is eligible for state matching funds for
24 common school construction if a sponsoring school district determines
25 it has received voter approval of local capital funds for the project.

26 (2) Public schools converting to charter schools shall receive
27 funding in the same manner as other charter schools sponsored by school
28 districts.

29 (3) If the sponsor is not a school district, students in the
30 charter school shall be considered a separate school district for state
31 apportionment purposes. Without violating section 13 of this act, the
32 superintendent of public instruction shall provide prompt and timely
33 funding for charter schools through the apportionment funding formulas
34 in amounts the schools would have generated if the students were
35 enrolled in a school district except that a charter school shall not
36 generate eligibility for small school assistance. The funding shall
37 include regular apportionment, categorical, student achievement, and

1 nonbasic education moneys and shall be based on enrollment, staffing,
2 and other financial information submitted by the charter school to the
3 superintendent of public instruction, as required to determine state
4 apportionment amounts. Those allocations to charter schools that are
5 included in RCW 84.52.0531(3) (a) through (c) shall be included in the
6 levy base of the district in which the charter school is located.

7 (4) No local levy money may be allocated to a charter school if the
8 charter school is sponsored by a sponsor that is not a school district.

9 (5) To be eligible to receive state categorical program funding, a
10 charter school must serve students who would be eligible for program
11 funding if served by the school district.

12 NEW SECTION. **Sec. 13.** ADMINISTRATION FEE. To offset costs of
13 oversight and administering the charter, a sponsor or an alternate
14 sponsor may retain up to three percent of state funding and local
15 excess levy funding, if applicable, that is being driven to the charter
16 school. Except for the administration fee in this section, no other
17 offsets or deductions are allowed, whether for central administration
18 or other off-site support services, from a charter school's per-pupil
19 share of state appropriations, local levies, or other funds, unless the
20 charter school has contracted with a school district to obtain specific
21 additional services.

22 NEW SECTION. **Sec. 14.** LEAVES OF ABSENCE. If a school district
23 employee makes a written request for an extended leave of absence to
24 work at a charter school, the school district shall grant the request.
25 The school district may require that the request for a leave be made up
26 to ninety days before the employee would otherwise have to report for
27 duty. The leave shall be granted for up to three years. If the
28 employee returns to the school district within the three-year period,
29 the employee shall be hired before the district hires anyone else with
30 fewer years of service, with respect to any position for which the
31 returning employee is certificated or otherwise qualified.

32 NEW SECTION. **Sec. 15.** STUDY OF CHARTER SCHOOLS. The Washington
33 institute for public policy shall study the implementation and
34 effectiveness of this act. The institute shall report to the

1 legislature on the effectiveness of charter schools in raising student
2 achievement and the impact of charter schools. The institute also
3 shall examine and discuss whether and how charter schools have enhanced
4 education reform efforts and recommend whether relaxing or eliminating
5 certain regulatory requirements for noncharter public schools could
6 result in improved school performance at those schools. The institute
7 shall recommend changes to this chapter including improvements that
8 could be made to the application and approval process. A preliminary
9 report of the study is due to the legislature by March 1, 2006, and a
10 final report is due September 1, 2007.

11 NEW SECTION. **Sec. 16.** NUMBER OF CHARTER SCHOOLS. (1)
12 Applications for charter schools may begin on the effective date of
13 this section. The maximum number of charters that can be granted under
14 this chapter is five in the first year commencing July 1, 2003, five in
15 the second year, and fifteen in each of the next four years. These
16 annual allocations shall be cumulative so that if the maximum is not
17 reached in any given year the maximum shall be increased accordingly
18 for the successive years. Sixty percent of allowable new charters each
19 year may be approved only for charter schools that will serve
20 educationally disadvantaged students, or students from low performing
21 schools.

22 (2) For purposes of monitoring compliance with this section and
23 providing information to new charter school applicants, the
24 superintendent of public instruction shall maintain a running total of
25 the projected and actual enrollment at charter schools and the total
26 number of charters granted. Charters for schools planning to open at
27 the beginning of a school year must be approved no later than March
28 31st of the preceding school year, except that for new charter schools
29 planning to open in September 2003, the charter may be approved up to
30 fifteen days after the effective date of this act.

31 (3) For purposes of implementing this subsection, a sponsor or
32 alternate sponsor shall notify the office of the superintendent of
33 public instruction when it receives a charter school application, when
34 it approves a charter school, and when a charter school is terminated.
35 When the maximum allowable number of new charter schools is approved in

1 a given year, the superintendent shall notify potential sponsors that
2 the annual limit has been reached.

3 (4) The maximum number of charter schools allowed under this
4 section does not include noncharter public schools converting to
5 charter schools, however, conversion charter schools shall be
6 considered charter schools for the purposes of subsections (2) and (3)
7 of this section.

8 NEW SECTION. **Sec. 17.** A new section is added to chapter 41.56 RCW
9 to read as follows:

10 This chapter applies to charter schools as defined in section 2 of
11 this act and the charter school's employees included in the bargaining
12 unit. The bargaining unit of employees of charter schools must be
13 limited to the employees of the charter school and must be separate
14 from other bargaining units in the school district or educational
15 service district unless the charter school is a public school that has
16 converted to a charter school. The employees of public schools that
17 have converted to a charter school shall remain members of the
18 bargaining units in the school district.

19 This section, designating charter schools as employers and charter
20 school employees as members under the teachers' retirement systems, the
21 school employees' retirement systems, and the public employees'
22 retirement systems, takes effect only if the department of retirement
23 systems receives determinations from the internal revenue service and
24 the United States department of labor that such participation does not
25 jeopardize the status of these retirement systems as governmental plans
26 under the federal employees' retirement income security act and the
27 internal revenue code.

28 NEW SECTION. **Sec. 18.** A new section is added to chapter 41.59 RCW
29 to read as follows:

30 This chapter applies to collective bargaining agreements between
31 charter schools and the employees of charter schools included in the
32 bargaining unit. The bargaining unit of employees of charter schools
33 must be limited to the employees of the charter school and must be
34 separate from other bargaining units in the school district or
35 educational service district.

1 This section, designating charter schools as employers and charter
2 school employees as members under the teachers' retirement systems, the
3 school employees' retirement systems, and the public employees'
4 retirement systems, takes effect only if the department of retirement
5 systems receives determinations from the internal revenue service and
6 the United States department of labor that such participation does not
7 jeopardize the status of these retirement systems as governmental plans
8 under the federal employees' retirement income security act and the
9 internal revenue code.

10 **Sec. 19.** RCW 41.59.080 and 1998 c 244 s 11 are each amended to
11 read as follows:

12 The commission, upon proper application for certification as an
13 exclusive bargaining representative or upon petition for change of unit
14 definition by the employer or any employee organization within the time
15 limits specified in RCW 41.59.070(3), and after hearing upon reasonable
16 notice, shall determine the unit appropriate for the purpose of
17 collective bargaining. In determining, modifying or combining the
18 bargaining unit, the commission shall consider the duties, skills, and
19 working conditions of the educational employees; the history of
20 collective bargaining; the extent of organization among the educational
21 employees; and the desire of the educational employees; except that:

22 (1) A unit including nonsupervisory educational employees shall not
23 be considered appropriate unless it includes all such nonsupervisory
24 educational employees of the employer; and

25 (2) A unit that includes only supervisors may be considered
26 appropriate if a majority of the employees in such category indicate by
27 vote that they desire to be included in such a unit; and

28 (3) A unit that includes only principals and assistant principals
29 may be considered appropriate if a majority of such employees indicate
30 by vote that they desire to be included in such a unit; and

31 (4) A unit that includes both principals and assistant principals
32 and other supervisory employees may be considered appropriate if a
33 majority of the employees in each category indicate by vote that they
34 desire to be included in such a unit; and

35 (5) A unit that includes supervisors and/or principals and

1 assistant principals and nonsupervisory educational employees may be
2 considered appropriate if a majority of the employees in each category
3 indicate by vote that they desire to be included in such a unit; and

4 (6) A unit that includes only employees in vocational-technical
5 institutes or occupational skill centers may be considered to
6 constitute an appropriate bargaining unit if the history of bargaining
7 in any such school district so justifies; and

8 (7) Notwithstanding the definition of collective bargaining, a unit
9 that contains only supervisors and/or principals and assistant
10 principals shall be limited in scope of bargaining to compensation,
11 hours of work, and the number of days of work in the annual employment
12 contracts; and

13 (8) The bargaining unit of certificated employees of school
14 districts, educational service districts, or institutions of higher
15 education that are education providers under chapter 28A.193 RCW must
16 be limited to the employees working as education providers to juveniles
17 in each adult correctional facility maintained by the department of
18 corrections and must be separate from other bargaining units in school
19 districts, educational service districts, or institutions of higher
20 education; and

21 (9) The bargaining unit for employees of charter schools as defined
22 in section 2 of this act must be limited to the employees of the
23 charter school and must be separate from other bargaining units in the
24 school district or educational service district.

25 NEW SECTION. Sec. 20. CAPTIONS NOT LAW. Captions used in this
26 chapter do not constitute any part of the law.

27 NEW SECTION. Sec.21. Sections 1 through 16 and 20 of this act
28 constitute a new chapter in Title 28A RCW.

29 NEW SECTION. Sec. 22. If any provision of this act or its
30 application to any person or circumstance is held invalid, the
31 remainder of the act or the application of the provision to other
32 persons or circumstances is not affected."

33 Correct the title.

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