~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

June 1, 2010

**H. 4243**

Introduced by Reps. Owens, Harrell, Cato, Duncan, Harrison, Sandifer, Whitmire, Allison, Skelton, E.H. Pitts, Bowen, Wylie, Rice, G.R. Smith, Limehouse, Daning, Long, Littlejohn, Hutto, A.D. Young, Simrill, Loftis, Stewart, D.C. Smith, Bedingfield and Haley

S. Printed 6/1/10--S.

Read the first time April 29, 2010.

**THE COMMITTEE ON EDUCATION**

To whom was referred a Bill (H. 4243) to amend the Code of Laws of South Carolina, 1976, by adding Section 59‑40‑55 so as to provide charter school powers and duties and to allow a, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by deleting in its entirety Section 59‑40‑50(C)(3), as contained in SECTION 5, pages 8‑9, and inserting:

/ (3) ~~The sponsor has no obligation to provide extracurricular activities or access to facilities of the school district for students enrolled in the charter school; however, the charter contract may include participation in agreed upon interscholastic activities at a designated school within the sponsor district. Notwithstanding another provision of law, the local school district has no obligation to provide charter schools, sponsored by the South Carolina Public Charter School District, extracurricular activities or access to facilities of the school district for students enrolled in charter schools unless the school district, by contract, has agreed to provide activities or access. Students participating under this agreement must be considered eligible to participate in league events if other eligibility requirements are met.~~ (a) A charter school is eligible for federally‑sponsored, state‑sponsored, or district‑sponsored interscholastic leagues, competitions, awards, scholarships, grants, and recognition programs for students, educators, administrators, staff, and schools to the same extent as all other public schools.

(b) A district may allow a charter school student who is enrolled in a charter school that is not a member of the South Carolina High School League to be eligible to compete for, and if selected, participate in extracurricular activities not offered by the student’s school at the resident public school, subject to the following restrictions:

(i) a charter school student is eligible for extracurricular activities at the student’s resident public school consistent with eligibility standards as applied to full‑time students of the resident public school;

(ii) a school district or resident public school may not impose additional requirements on a charter school student to participate in extracurricular activities that are not imposed on full‑time students of the resident public school;

(iii) a charter school student shall pay the same fees as other students to participate in extracurricular activities; and

(iv) a charter school student must be eligible for the same fee waivers for which other students are eligible. /

Amend the bill further, by deleting in its entirety Section 59‑40‑55, as contained in SECTION 1, pages 2‑3, and inserting:

/ Section 59‑40‑55. A charter school sponsor shall:

(1) approve charter applications that meet the requirements specified in Sections 59‑40‑50 and 59‑40‑60;

(2) decline to approve charter applications according to Section 59‑40‑70(C);

(3) negotiate and execute sound charter contracts with each approved charter school;

(4) monitor, in accordance with charter contract terms, the performance and legal/fiscal compliance of charter schools to include collecting and analyzing data to support ongoing evaluation according to the charter contract;

(5) conduct or require oversight activities that enable the sponsor to fulfill its responsibilities outlined in this chapter, including conducting appropriate inquiries and investigations, only if those activities are consistent with the intent of this chapter, adhere to the terms of the charter contact, and do not unduly inhibit the autonomy granted to public charter schools;

(6) collect, in accordance with Section 59‑40‑140(H), an annual report from each of its sponsored charter schools and submit the reports to the Department of Education;

(7) notify the charter school of perceived problems if its performance or legal compliance appears to be unsatisfactory and provide reasonable opportunity for the school to remedy the problem, unless the problem warrants revocation and revocation timeframes apply;

(8) take appropriate corrective actions or exercise sanctions short of revocation in response to apparent deficiencies in charter school performance or legal compliance. These actions or sanctions may include requiring a school to develop and execute a corrective action plan within a specified timeframe;

(9) determine whether each charter contract merits renewal, nonrenewal, or revocation; and

(10) provide to parents and the general public information about charter schools authorized by the district as an enrollment option within the district to the same extent and through the same means as the district provides and publicizes information about all public schools in the district. A charter school shall notify its sponsor of its enrollment procedures and dates of its enrollment period no less than sixty days prior to the first day of its enrollment period. /

Amend the bill further, as and if amended, by deleting Section 59‑40‑140(B) in its entirety, as contained in SECTION 10, page 19, lines 22‑34, and inserting:

/ (B) The South Carolina Public Charter School District shall receive and distribute state funds to the charter school as determined by the following formula: the current year’s base student cost, as funded by the General Assembly, multiplied by the weighted students enrolled in the charter school, which must be subject to adjustment for student attendance and state budget allocations. These state funds are in addition to other funds to be received and distributed by the South Carolina Public Charter School District pursuant to subsections (C) and (D) of this section and Section 59‑40‑220(A). However, the South Carolina Public Charter School District may not retain more than two percent of its gross revenue for its internal administrative and operating expenses. /

Renumber sections to conform.

Amend title to conform.

Majority favorable. Minority unfavorable.

JOHN E. COURSON RALPH ANDERSON

For Majority. For Minority.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

See Below

**EXPLANATION OF IMPACT:**

State Department of Education (SDE)

This bill would have no direct fiscal impact on the department.

State Treasurer's Office

This bill would require the Office of the State Treasurer to establish and administer a loan program for Charter Schools. The estimated fiscal impact upon the Treasurer’s Office depends on the number of loans that would be made under this program, which is unknown at this time. There would be no cost to the General Fund of the State if the Treasurer can retain a portion of the revolving fund for administration of the loan program.

**SPECIAL NOTES:**

The General Assembly may wish to clarify if a portion of the revolving loan funds may be used to cover related administrative expenses incurred by the State Treasurer’s Office.

SDE indicates it is in the process of reapplying for federal grant funds that are currently used to administer the Charter School program. Federal grant funds totaling $163,000 are currently used for administration of the program.

*Approved By:*

Harry Bell

Office of State Budget

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 59‑40‑55 SO AS TO PROVIDE CHARTER SCHOOL POWERS AND DUTIES AND TO ALLOW A SPONSOR TO RETAIN CERTAIN FUNDS FOR OVERSEEING THE CHARTER SCHOOL; BY ADDING SECTION 59‑40‑175 SO AS TO CREATE THE CHARTER SCHOOL FACILITY REVOLVING LOAN PROGRAM; TO AMEND SECTION 59‑40‑20, AS AMENDED, RELATING TO THE PURPOSE OF THE CHARTER SCHOOL ACT, SO AS TO INCLUDE AN ADDITIONAL PURPOSE; TO AMEND SECTION 59‑40‑40, AS AMENDED, RELATING TO DEFINITIONS, SO AS TO AMEND EXISTING DEFINITIONS AND ADD NEW DEFINITIONS; TO AMEND SECTION 59‑40‑50, AS AMENDED, RELATING TO CHARTER SCHOOL POWERS AND DUTIES, SO AS TO PROVIDE FOR THE ELECTION OF A CHARTER SCHOOL BOARD OF DIRECTORS, ALLOW A CHARTER SCHOOL TO CONTRACT WITH PROVIDERS FOR STUDENT TRANSPORTATION, AND ALLOW CHARTER SCHOOL STUDENTS TO PARTICIPATE IN CERTAIN EXTRACURRICULAR ACTIVITIES UNDER CERTAIN CONDITIONS; TO AMEND SECTION 59‑40‑60, AS AMENDED, RELATING TO APPLICATION TO CREATE A CHARTER SCHOOL, SO AS TO CLARIFY WHAT MUST BE INCLUDED IN THE CONTRACT, TO REQUIRE THE DEPARTMENT OF EDUCATION TO CREATE A CONTRACT TEMPLATE; TO AMEND SECTION 59‑40‑70, AS AMENDED, RELATING TO THE CHARTER SCHOOL ADVISORY COMMITTEE, SO AS TO REVISE ITS MEMBERSHIP AND TO EXTEND THE TIME PERIOD IN WHICH THE COMMITTEE MUST DETERMINE APPLICATION COMPLIANCE; TO AMEND SECTION 59‑40‑100, AS AMENDED, RELATING TO CHARTER SCHOOL CONVERSION, SO AS TO ALLOW A CONVERTED CHARTER SCHOOL TO RETAIN FACILITIES AND EQUIPMENT AVAILABLE BEFORE CONVERSION; TO AMEND SECTION 59‑40‑110, RELATING TO THE DURATION OF A CHARTER, SO AS TO ALLOW A SPONSOR TO IMMEDIATELY REVOKE A CHARTER AND CLOSE THE SCHOOL UPON CERTAIN CONDITIONS; TO AMEND SECTION 59‑40‑140, AS AMENDED, RELATING TO DISTRIBUTION OF RESOURCES, SO AS TO PROVIDE FOR THE DISTRIBUTION OF FUNDS TO CHARTER SCHOOLS, TO REVISE WHAT THE SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT SHALL RECEIVE, TO ALLOW THE DEPARTMENT OF EDUCATION TO FINE SPONSORS THAT FAIL TO DISTRIBUTE CERTAIN FUNDS TO CHARTER SCHOOLS, AND TO REVISE REPORTING REQUIREMENTS; TO AMEND SECTION 59‑40‑210, AS AMENDED, RELATING TO CONVERSION OF A PRIVATE SCHOOL TO A CHARTER SCHOOL, SO AS TO ALLOW A PRIVATE SCHOOL TO DISSOLVE AND IMMEDIATELY SEEK TO FORM A CHARTER SCHOOL; AND TO AMEND SECTION 59‑40‑230, RELATING TO THE BOARD OF TRUSTEES OF THE SOUTH CAROLINA PUBLIC CHARTER SCHOOL, SO AS TO REVISE ITS MEMBERSHIP.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Chapter 40, Title 59 of the 1976 Code is amended by adding:

“Section 59‑40‑55. (A) A charter school sponsor shall:

(1) approve charter applications that meet the requirements specified in Sections 59‑40‑50 and 59‑40‑60;

(2) decline to approve charter applications according to Section 59‑40‑70(C);

(3) negotiate and execute sound charter contracts with each approved charter school;

(4) monitor, in accordance with charter contract terms, the performance and legal/fiscal compliance of charter schools to include collecting and analyzing data to support ongoing evaluation according to the charter contract;

(5) conduct or require oversight activities that enable the sponsor to fulfill its responsibilities outlined in this chapter, including conducting appropriate inquiries and investigations, only if those activities are consistent with the intent of this chapter, adhere to the terms of the charter contact, and do not unduly inhibit the autonomy granted to public charter schools;

(6) collect, in accordance with Section 59‑40‑140(H), an annual report from each of its sponsored charter schools and submit the reports to the Department of Education;

(7) notify the charter school of perceived problems if its performance or legal compliance appears to be unsatisfactory and provide reasonable opportunity for the school to remedy the problem, unless the problem warrants revocation and revocation timeframes apply;

(8) take appropriate corrective actions or exercise sanctions short of revocation in response to apparent deficiencies in charter school performance or legal compliance. These actions or sanctions may include requiring a school to develop and execute a corrective action plan within a specified timeframe;

(9) determine whether each charter contract merits renewal, nonrenewal, or revocation; and

(10) provide to parents and the general public information about charter schools authorized by the district as an enrollment option within the district to the same extent and through the same means as the district provides and publicizes information about all public schools in the district. A charter school shall notify its sponsor of its enrollment procedures and dates of its enrollment period no less than sixty days prior to the first day of its enrollment period.

(B) A local charter school sponsor may retain no more than two percent of the total state and local appropriations for each charter school it authorizes to cover the costs for overseeing its charter schools. The South Carolina Public Charter School District may retain no more than two percent of the total state and local appropriations for each charter school it authorizes to cover the costs for overseeing its charter schools. The sponsor’s administrative fee does not include costs incurred in delivering services that a charter school may purchase at its discretion from the sponsor. The sponsor’s fee is not applicable to federal money or grants received by the charter school. The sponsor shall use its funding provided pursuant to this section exclusively for the purpose of fulfilling sponsor obligations in accordance with this chapter.”

SECTION 2. Chapter 40, Title 59 of the 1976 Code is amended by adding:

“Section 59‑40‑175. There is created in the state treasury the Charter School Facility Revolving Loan Program. This loan program is comprised of federal funds obtained by the state for charter school facilities, other funds appropriated or transferred to the fund by the state, and privately donated funds. Funds deposited to the Charter School Facility Revolving Loan Program must remain available for the purposes of the program until appropriated or reverted by the General Assembly. The State Treasurer may approve loans from monies in the Charter School Revolving Loan Program to a charter school, upon application by the charter school. Money loaned to a charter school pursuant to this section must be used for construction, purchase, renovation, and maintenance of public charter school facilities. The State Treasurer shall establish guidelines and procedures for application, approval, allocation, and repayment regarding loans from these monies.”

SECTION 3. Section 59‑40‑20 of the 1976 Code, as last amended by Act 274 of 2006, is further amended to read:

“Section 59‑40‑20. This chapter is enacted to:

(1) improve student learning;

(2) increase learning opportunities for students;

(3) encourage the use of a variety of productive teaching methods;

(4) establish new forms of accountability for schools;

(5) create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site; ~~and~~

(6) assist South Carolina in reaching academic excellence~~.~~; and

(7) create new, innovative, and more flexible ways of educating children within the public school system, with the goal of closing achievement gaps between low performing student groups and high performing student groups.”

SECTION 4. Section 59‑40‑40 of the 1976 Code, as last amended by Act 274 of 2006, is further amended to read:

“Section 59‑40‑40. As used in this chapter:

(1) A ‘charter school’ means a public, nonreligious, nonhome‑based, nonprofit corporation forming a school that operates within a public school district or the South Carolina Public Charter School District, but is accountable to the school board of trustees of that district which grants its charter. Nothing in this chapter prohibits charter schools from offering virtual services pursuant to state law and subsequent regulations defining virtual schools.

(2) A charter school:

(a) is considered a public school and part of the South Carolina Public Charter School District or local school district in which it is located for the purposes of state law and the state constitution;

(b) is subject to all federal and state laws and constitutional provisions prohibiting discrimination on the basis of disability, race, creed, color, gender, national origin, religion, ancestry, or need for special education services; however, an applicant may seek to form a single gender charter school without regard to the gender makeup of that proposed charter school;

(c) must be administered and governed by a governing body in a manner agreed to by the charter school applicant and the sponsor, the governing body to be selected~~,~~ as provided in Section 59‑40‑50(B)(9);

(d) may not charge tuition or other charges pursuant to Section 59‑19‑90(8) except as may be allowed by the sponsor and is comparable to the charges of the local school district in which the charter school is located~~.~~;

(e) is subject to the same fixed asset inventory requirements as are traditional public schools.

(3) ‘Applicant’ means the person who or nonprofit corporate entity that desires to form a charter school and files the necessary application with the South Carolina Public Charter School District Board of Trustees or the local school board of trustees in which the charter school is to be located. The applicant also must be the person who or the nonprofit corporate entity that applies to the Secretary of State to organize the charter school as a nonprofit corporation.

(4) ‘Sponsor’ means the South Carolina Public Charter School District Board of Trustees or the local school board of trustees in which the charter school is to be located, as provided by law, from which the charter school applicant requested its charter and which granted approval for the charter school’s existence. The sponsor of a charter school is the charter school’s Local Education Agency (LEA) and a charter school is a school within that LEA. The sponsor retains responsibility for special education and shall ensure that students enrolled in its charter schools are served in a manner consistent with LEA obligations under applicable federal, state, and local law.

(5) ‘Certified teacher’ means a person currently certified by the State of South Carolina to teach in a public elementary or secondary school or who currently meets the qualifications outlined in Sections 59‑27‑10 and 59‑25‑115.

(6) ‘Noncertified teacher’ means an individual considered appropriately qualified for the subject matter taught and who has completed at least one year of study at an accredited college or university and meets the qualifications outlined in Section 59‑25‑115.

(7) ‘Charter committee’ means the governing body of a charter school formed by the applicant to govern through the application process and until the election of a board of directors is held. After the election, the board of directors of the corporation must be organized as the governing body and the charter committee is dissolved.

(8) ‘Local school district’ means any school district in the State except the South Carolina Public Charter School District and does not include special school districts.

(9) ‘Charter school contract’ means a fixed term, renewable contract between a charter school and a sponsor that outlines the roles, powers, responsibilities, and performance expectations for each party to the contract.

(10) ‘Resident public school’ means the school, other than a charter school, within whose attendance boundaries the charter school student’s custodial parent or legal guardian resides.”

SECTION 5. Section 59‑40‑50 of the 1976 Code, as last amended by Act 274 of 2006, is further amended to read:

“Section 59‑40‑50. (A) Except as otherwise provided in this chapter, a charter school is exempt from all provisions of law and regulations applicable to a public school, a school board, or a district, although a charter school may elect to comply with one or more of these provisions of law or regulations.

(B) A charter school must:

(1) adhere to the same health, safety, civil rights, and disability rights requirements as are applied to public schools operating in the same school district or, in the case of the South Carolina Public Charter School District, the local school district in which the charter school is located;

(2) meet, but may exceed, the same minimum student attendance requirements as are applied to public schools;

(3) adhere to the same financial audits, audit procedures, and audit requirements as are applied to public schools;

(4) be considered a school district for purposes of tort liability under South Carolina law, except that the tort immunity does not include acts of intentional or wilful racial discrimination by the governing body or employees of the charter school. Employees of charter schools must be relieved of personal liability for any tort or contract related to their school to the same extent that employees of traditional public schools in their school district or, in the case of the South Carolina Public Charter School District, the local school district in which the charter school is located are relieved;

(5) in its discretion hire noncertified teachers in a ratio of up to twenty‑five percent of its entire teacher staff; however, if it is a converted charter school, it shall hire in its discretion noncertified teachers in a ratio of up to ten percent of its entire teacher staff. However, in either a new or converted charter school, a teacher teaching in the core academic areas as defined by the federal No Child Left Behind law must be certified in those areas or possess a baccalaureate or graduate degree in the subject he or she is hired to teach. Part‑time noncertified teachers are considered pro rata in calculating this percentage based on the hours which they are expected to teach;

(6) hire in its discretion administrative staff to oversee the daily operation of the school. At least one of the administrative staff must be certified or experienced in the field of school administration;

(7) admit all children eligible to attend public school to a charter school, subject to space limitations, except in the case of an application to create a single gender charter school. However, it is required that the racial composition of the charter school enrollment reflect that of the local school district in which the charter school is located or that of the targeted student population of the local school district that the charter school proposes to serve, to be defined for the purposes of this chapter as differing by no more than twenty percent from that population. This requirement is also subject to the provisions of Section 59‑40‑70(D). If the number of applications exceeds the capacity of a program, class, grade level, or building, students must be accepted by lot, and there is no appeal to the sponsor;

(8) not limit or deny admission or show preference in admission decisions to any individual or group of individuals, except in the case of an application to create a single gender charter school; however, a charter school may give enrollment priority to a sibling of a pupil already enrolled or previously enrolled, children of a charter school employee, and children of the charter committee, if such priority enrollment does not constitute more than twenty percent of the enrollment of the charter school;

(9) elect its board of directors ~~annually~~. At least one‑third of the board positions must be open for election annually, allowing for staggered terms of no more than three years. Board members may be reelected for consecutive terms as allowed by the charter school bylaws. All employees of the charter school and all parents or guardians of students enrolled in the charter school are eligible to participate in the election. Parents or guardians of a student shall have one vote for each student enrolled in the charter school. A person who has been convicted of a felony must not be elected to a board of directors;

(10) be subject to the Freedom of Information Act, including the charter school and its governing body. A board of directors of a charter school shall notify its sponsor of any regular meeting of the board at least forty-eight hours prior to the date on which it is to occur.

(C)(1) If a charter school denies admission to a student, the student may appeal the denial to the sponsor. The decision is binding on the student and the charter school.

(2) If a charter school suspends or expels a student, other charter schools or the local school district in which the charter school is located has the authority but not the obligation to refuse admission to the student.

(3) ~~The sponsor has no obligation to provide extracurricular activities or access to facilities of the school district for students enrolled in the charter school; however, the charter contract may include participation in agreed upon interscholastic activities at a designated school within the sponsor district. Notwithstanding another provision of law, the local school district has no obligation to provide charter schools, sponsored by the South Carolina Public Charter School District, extracurricular activities or access to facilities of the school district for students enrolled in charter schools unless the school district, by contract, has agreed to provide activities or access. Students participating under this agreement must be considered eligible to participate in league events if other eligibility requirements are met.~~ (a) A charter school is eligible for federally sponsored, state‑sponsored or district‑sponsored interscholastic leagues, competitions, awards, scholarships, grants, and recognition programs for students, educators, administrators, staff, and schools to the same extent as all other public schools.

(b) A charter school student is eligible to compete for, and if selected, participate in extracurricular activities not offered by the student’s school at the resident public school.

(c) A charter school student is eligible for extracurricular activities at the student’s resident public school consistent with eligibility standards as applied to full‑time students of the resident public school.

(d) A school district or resident public school may not impose additional requirements on a charter school student to participate in extracurricular activities that are not imposed on full‑time students of the resident public school.

(e) Charter school students shall pay the same fees as other students to participate in extracurricular activities.

(f) Charter school students shall be eligible for the same fee waivers for which other students are eligible.

(D) The State is not responsible for student transportation to a charter school unless the charter school is designated by the local school district as the only school selected within the local school district’s attendance area. However, a charter school may enter into a contract with a school district or a private provider to provide transportation to the charter school students.

(E) The South Carolina Public Charter School District Board of Trustees may not use program funding for transportation.”

SECTION 6. Section 59‑40‑60 of the 1976 Code, as last amended by Act 274 of 2006, is further amended to read:

“Section 59‑40‑60. (A) An approved charter application constitutes an agreement~~, and the terms must be the terms of a contract~~ between the charter school and the sponsor.

(B) ~~The~~ A contract between the charter school and the sponsor ~~shall~~ must be executed and must reflect all provisions outlined in the application as well as the roles, powers, responsibilities, and performance expectations for each party to the contract. A contract must include the proposed enrollment procedures and dates of the enrollment period of the charter school. All agreements regarding the release of the charter school from school district policies must be contained in the contract. The Department of Education shall develop a contract template to be used by charter schools and the sponsor. The template must serve as a foundation for the development of a contract between the charter school and the sponsor.

(C) A material revision of the terms of the contract between the charter school and the sponsor may be made only with the approval of both parties.

(D) Except as provided in subsection (F), an applicant who wishes to form a charter school shall:

(1) organize the charter school as a nonprofit corporation pursuant to the laws of this State;

(2) form a charter committee for the charter school which includes one or more teachers;

(3) submit a written charter school application to the charter school advisory committee and the school board of trustees from which the committee is seeking sponsorship.

(E) A charter committee is responsible for and has the power to:

(1) submit an application to operate as a charter school, sign a charter school contract, and ensure compliance with all of the requirements for charter schools provided by law;

(2) employ and contract with teachers and nonteaching employees, contract for services, and develop pay scales, performance criteria, and discharge policies for its employees. All teachers whether certified or noncertified must undergo the background checks and other investigations required for certified teachers, as provided by law, before they may teach in the charter school; and

(3) decide all other matters related to the operation of the charter school, including budgeting, curriculum, and operating procedures.

(F) The charter school application ~~shall be a proposed contract and~~ must include:

(1) the mission statement of the charter school, which must be consistent with the principles of the General Assembly’s purposes pursuant to Section 59‑40‑20;

(2) the goals, objectives, and pupil achievement standards to be achieved by the charter school, and a description of the charter school’s admission policies and procedures;

(3) evidence that an adequate number of parents, teachers, pupils, or any combination of them support the formation of a charter school;

(4) a description of the charter school’s educational program, pupil achievement standards, and curriculum which must meet or exceed any content standards adopted by the State Board of Education and the chartering district must be designed to enable each pupil to achieve these standards;

(5) a description of the charter school’s plan for evaluating pupil achievement and progress toward accomplishment of the school’s achievement standards in addition to state assessments, the timeline for meeting these standards, and the procedures for taking corrective action if that pupil achievement falls below the standards;

(6) evidence that the plan for the charter school is economically sound, a proposed budget for the term of the charter, a description of the manner in which an annual audit of the financial and administrative operations of the charter school, including any services provided by the school district, is to be conducted;

(7) a description of the governance and operation of the charter school, including the nature and extent of parental, professional educator, and community involvement in the governance and operation of the charter school;

(8) a description of how the charter school plans to ensure that the enrollment of the school is similar to the racial composition of the local school district in which the charter school is to be located or the targeted student population of the local school district that the charter school proposes to serve and provide assurance that the school does not conflict with any school district desegregation plan or order in effect for the school district in which the charter school is to be located;

(9) a description of how the charter school plans to meet the transportation needs of its pupils;

(10) a description of the building, facilities, and equipment and how they shall be obtained;

(11) an explanation of the relationship that shall exist between the proposed charter school and its employees, including descriptions of evaluation procedures and evidence that the terms and conditions of employment have been addressed with affected employees;

(12) a description of a reasonable grievance and termination procedure, as required by this chapter, including notice and a hearing before the governing body of the charter school. The application must state whether or not the provisions of Article 5, Chapter 25 ~~of~~, Title 59 apply to the employment and dismissal of teachers at the charter school;

(13) a description of student rights and responsibilities, including behavior and discipline standards, and a reasonable hearing procedure, including notice and a hearing before the board of directors of the charter school before expulsion;

(14) an assumption of liability by the charter school for the activities of the charter school and an agreement that the charter school must indemnify and hold harmless the school district, its servants, agents, and employees, from any and all liability, damage, expense, causes of action, suits, claims, or judgments arising from injury to persons or property or otherwise which arises out of the act, failure to act, or negligence of the charter school, its agents and employees, in connection with or arising out of the activity of the charter school; and

(15) a description of the types and amounts of insurance coverage to be obtained by the charter school.

(G) Nothing in this section shall require a charter school applicant to provide a list of prospective or tentatively enrolled students or prospective employees with the application.”

SECTION 7. Section 59‑40‑70 of the 1976 Code, as last amended by Act 239 of 2008, is further amended to read:

“Section 59‑40‑70. (A) The Charter School Advisory Committee must be established by the State Board of Education to review charter school applications for compliance with established standards that reflect the requirements and intent of this chapter. Members must be appointed by the State Board of Education unless otherwise indicated.

(1) The advisory committee shall consist of ~~eleven~~ twelve members as follows:

(a) ~~South Carolina Association of Public Charter Schools, the president or his designee and one additional representative from the association;~~

~~(b)~~ South Carolina Association of School Administrators, the executive director or his designee;

~~(c)~~(b) South Carolina Chamber of Commerce, the executive director or his designee and one additional representative from the chamber;

~~(d)~~(c) South Carolina Education Oversight Committee, the chair or a business designee;

~~(e)~~(d) South Carolina Commission on Higher Education, the chair or his designee;

~~(f)~~(e) South Carolina School Boards Association, the executive director or his designee;

~~(g)~~(f) South Carolina Alliance of Black Educators, the president or his designee; ~~and~~

(g) South Carolina High School League, the president or his designee;

(h) one teacher and one parent to be appointed by the State Superintendent of Education~~.~~; and

(i) one charter school principal and one charter school board member to be appointed by the Governor.

(2) As an application is reviewed, a representative from the board of trustees from which the committee is seeking sponsorship and a representative of the charter committee shall serve on the advisory committee as ex officio nonvoting members. If the applicant indicates a proposed contractual agreement with the local school district in which the charter school is located, a representative from the local school board of trustees of that district shall serve on the advisory committee as an ex officio, nonvoting member.

(3) Appointing authorities shall give consideration to the appointment of minorities and women as representatives on the committee.

(4) The committee shall establish bylaws for its operation that must include terms of office for its membership.

(5) An applicant shall submit the application to the advisory committee and one copy to the school board of trustees of the district from which it is seeking sponsorship. In the case of the South Carolina Public Charter School District, the applicant shall provide notice of the application to the local school board of trustees in which the charter school will be located for informational purposes only. The advisory committee shall receive input from the school district in which the applicant is seeking sponsorship and shall request clarifying information from the applicant. An applicant may submit an application to the advisory committee ~~at any time during the fiscal year~~ pursuant to State Board of Education regulations and the advisory committee, within ~~sixty~~ ninety days, shall determine whether the application is in compliance. An application that is in compliance must be forwarded to the school district from which the applicant is seeking sponsorship with a letter stating the application is in compliance. The letter also shall include a recommendation from the Charter School Advisory Committee to approve or deny the charter. The letter must specify the reasons for its recommendation. This recommendation is nonbinding on the school board of trustees. If the application is in noncompliance, it must be returned to the applicant with deficiencies noted. The applicant may appeal the decision to the Administrative Law Court.

(B) The school board of trustees from which the applicant is seeking sponsorship shall rule on the application for a charter school in a public hearing, upon reasonable public notice, within ~~thirty~~ forty‑five days after receiving the application. If there is no ruling within ~~thirty~~ forty‑five days, the application is considered approved. Once the application has been approved by the school board of trustees, the charter school may open at the beginning of the following year. However, before a charter school may open, the State Department of Education shall verify the accuracy of the financial data for the school within forty‑five days after approval.

(C) A school district board of trustees only shall deny an application if the application does not meet the requirements specified in Section 59‑40‑50 or 59‑40‑60, fails to meet the spirit and intent of this chapter, or adversely affects, as defined in regulation, the other students in the district in which the charter school is to be located. It shall provide, within ten days, a written explanation of the reasons for denial, citing specific standards related to provisions of Section 59‑40‑50 or 59‑40‑60 that the application violates. This written explanation immediately must be sent to the charter committee and filed with the State Board of Education and the Charter School Advisory Committee.

(D) In the event that the racial composition of an applicant’s or charter school’s enrollment differs from the enrollment of the local school district in which the charter school is to be located or the targeted student population of the local school district by more than twenty percent, despite its best efforts, the school district board of trustees from which the applicant is seeking sponsorship shall consider the applicant’s or the charter school’s recruitment efforts and racial composition of the applicant pool in determining whether the applicant or charter school is operating in a nondiscriminatory manner. A finding by the school district board of trustees that the applicant or charter school is operating in a racially discriminatory manner justifies the denial of a charter school application or the revocation of a charter as provided in this section or in Section 59‑40‑110, as may be applicable. A finding by the school district board of trustees that the applicant is not operating in a racially discriminatory manner justifies approval of the charter without regard to the racial percentage requirement if the application is acceptable in all other aspects.

(E) If the school district board of trustees from which the applicant is seeking sponsorship denies a charter school application, the charter applicant may appeal the denial to the Administrative Law Court pursuant to Section 59‑40‑90.

(F) If the school district board of trustees approves the application, it becomes the charter school’s sponsor and shall sign the approved application~~, which constitutes a contract with the charter committee of the charter school~~. The sponsor shall submit a copy of the charter ~~must be filed with~~ contract to the State Board of Education.

(G) If a local school board of trustees has information that an approved application by the South Carolina Public Charter School District adversely affects the other students in its district, as defined in regulation, or that the approval of the application fails to meet the spirit and intent of this chapter, the local school board of trustees may appeal the granting of the charter to the Administrative Law Court. The Administrative Law Court, within forty‑five days, may affirm or reverse the application for action by the South Carolina Public Charter School District in accordance with an order of the state board.”

SECTION 8. Section 59‑40‑100 of the 1976 Code, as last amended by Act 274 of 2006, is further amended to read:

“Section 59‑40‑100. (A) An existing public school may be converted into a charter school if two‑thirds of the faculty and instructional staff employed at the school and ~~two‑thirds~~ a majority of ~~all voting parents or legal guardians of students enrolled in the school~~ returned pre‑mailed ballots issued to those who are eligible to vote agree to the filing of an application with the local school board of trustees for the conversion and formation of that school into a charter school. Parents or legal guardians of students enrolled in the school must be given the opportunity to vote on the conversion. Parents or guardians of a student shall have one vote for each ~~student~~ household having students enrolled in the school seeking conversion. The State Board of Education shall promulgate regulations providing for paper ballots to be used in the voting process. The application must be submitted pursuant to Section 59‑40‑70(A)(5) by the principal of that school or his designee who must be considered the applicant. The application must include all information required of other applications pursuant to this chapter. The local school board of trustees shall approve or disapprove this application in the same manner it approves or disapproves other applications. The existence of another charter granting authority must not be grounds for disapproving a school desiring to convert to a charter school.

(B) A converted charter school shall offer at least the same grades, or nongraded education appropriate for the same ages and education levels of pupils, as offered by the school immediately before conversion, and also may provide additional grades and further educational offerings.

(C) All students enrolled in the school at the time of conversion must be given priority enrollment. Thereafter, students who reside within the former attendance area of that public school must be given enrollment priority.

(D) All employees of a converted school shall remain employees of the local school district or the South Carolina Public Charter School District with the same compensation and benefits including any future increases. The converted charter school quarterly shall reimburse the local school district or the South Carolina Public Charter School District for the compensation and employer contribution benefits paid to or on behalf of these employees and provide to the school district any reports, forms, or data necessary for maintaining retirement coverage and providing South Carolina Retirement Systems benefits to converted school employees. The provisions of Article 5, Chapter 25 ~~of~~, Title 59 apply to the employment and dismissal of teachers at a converted school.

(E) For the duration of a converted charter school’s contract with a sponsor, a converted charter school shall have the right to retain occupancy and use of the school’s facility or facilities and all equipment, furniture, and supplies that were available to the school before it converted, in the same manner as before the school converted, with no additional fees or charges.

~~(E)~~(F) The South Carolina Public Charter School District may not sponsor a public school to convert to a charter school. However, the South Carolina Public Charter School District may sponsor a converted charter school renewal if the charter school has not committed a material violation of the provisions specified in subsection (C) of Section 59‑40‑110 and the local school district board of trustees refuses to renew the charter. In such cases, the charter school shall continue to receive local funding pursuant to Section 59‑40‑110(A). However, the charter school is not eligible to receive one hundred percent of the base student cost from the State. The charter school only is eligible to receive the percentage of the base student cost previously received as a school in its former district.”

SECTION 9. Section 59‑40‑110 of the 1976 Code is amended to read:

“Section 59‑40‑110. (A) A charter must be approved or renewed for a period of ten school years; however, the charter only may be revoked or not renewed under the provisions of subsection (C) of this section. The sponsor annually shall evaluate the conditions outlined in subsection (C). The annual evaluation results must be used in making a determination for nonrenewal or revocation.

(B) A charter renewal application must be submitted to the school’s sponsor, and it must contain:

(1) a report on the progress of the charter school in achieving the goals, objectives, pupil achievement standards, and other terms of the initially approved charter application; and

(2) a financial statement that discloses the costs of administration, instruction, and other spending categories for the charter school that is understandable to the general public and that allows comparison of these costs to other schools or other comparable organizations, in a format required by the State Board of Education.

(C) A charter ~~must~~ may be revoked or not renewed by the sponsor if it determines that the charter school:

(1) committed a material violation of the conditions, standards, or procedures provided for in the charter application;

(2) failed to meet or make reasonable progress, as defined in the charter application, toward pupil achievement standards identified in the charter application;

(3) failed to meet generally accepted standards of fiscal management; or

(4) violated any provision of law from which the charter school was not specifically exempted.

(D) At least sixty days before not renewing or terminating a charter school, the sponsor shall notify in writing the charter school’s governing body of the proposed action. The notification shall state the grounds for the proposed action in reasonable detail. Termination must follow the procedure provided for in this section.

(E) The existence of another charter granting authority must not be grounds for the nonrenewal or revocation of a charter. Grounds for nonrenewal or revocation must be only those specified in subsection (C) of this section.

(F) The charter school’s governing body may request in writing a hearing before the sponsor within fourteen days of receiving notice of nonrenewal or termination of the charter. Failure by the school’s governing body to make a written request for a hearing within fourteen days must be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the sponsor shall give reasonable notice to the school’s governing body of the hearing date. The sponsor shall conduct a hearing before taking final action. The sponsor shall take final action to renew or not renew a charter by the last day of classes in the last school year for which the charter school is authorized.

(G) A charter school seeking renewal may submit a renewal application to another charter granting authority if the charter school has not committed a material violation of the provisions specified in subsection (C) of this section and the local school district board of trustees refuses to renew the charter. In such cases, the charter school shall continue to receive local funding pursuant to Section 59‑40‑140(A). However, the charter school is not eligible to receive one hundred percent of the base student cost from the State. The charter school only is eligible to receive the percentage of the base student cost previously received as a school in its former district.

(H) A decision to revoke or not to renew a charter school may be appealed to the Administrative Law Court pursuant to the provisions of Section 59‑40‑90.”

SECTION 10. Section 59‑40‑140 of the 1976 Code, as last amended by Act 274 of 2006, is further amended to read:

“Section 59‑40‑140. (A) A local school board of trustees sponsor shall distribute state, county, and school district funds to a charter school as determined by the following formula: the previous year’s audited total general fund revenues, divided by the previous year’s weighted students, then increased by the Education Finance Act inflation factor, pursuant to Section 59‑20‑40, for the years following the audited expenditures, then multiplied by the weighted students enrolled in the charter school, which will be subject to adjustment for student attendance and state budget allocations based on the same criteria as the local school district. These amounts must be verified by the ~~State~~ Department of Education before the first disbursement of funds. All state and local funding must be distributed by the local school district to the charter school monthly beginning July first following approval of the charter school application and must continue to be disbursed to the charter school for the duration of its charter and for the duration of any subsequent renewals. After verification of student attendance on the fifth day of school at the beginning of each school year, the State Department of Education shall distribute funds to school districts with charter schools (i) having approved incremental growth and expansion as provided in their charter application, or (ii) for opening of new charter schools in the current fiscal year. These funds must be released to districts on behalf of their charter schools no later than fifteen days after receipt of verified enrollment. Districts shall provide this funding to eligible charters no later than thirty days after receipt from the Department of Education. Necessary adjustments due to enrollment changes must be made pursuant to the Education Finance Act.

(B)(1) The South Carolina Public Charter School District shall receive and distribute state funds to the charter school as determined by the following formula: the current year’s base student cost, as funded by the General Assembly, multiplied by the weighted students enrolled in the charter school, which must be subject to adjustment for student attendance and state budget allocations. These state funds are in addition to other funds to be received and distributed by the South Carolina Public Charter School District pursuant to subsections (C) and (D) of this section and Section 59‑40‑220(A). ~~However, the South Carolina Public Charter School District may not retain more than two percent of its gross revenue for its internal administrative and operating expenses.~~

(C) During the year of the charter school’s operation, as received, and to the extent allowed by federal law, a sponsor shall distribute to the charter school federal funds which are allocated to the school district on the basis of the number of special characteristics of the students attending the charter school. These amounts must be verified by the State Department of Education before the first disbursement of funds.

(D) Notwithstanding subsection (C), the proportionate share of state and federal resources generated by students ~~with disabilities~~ or staff serving them must be directed to the school district board of trustees. ~~The proportionate share of funds generated under other federal or state categorical aid programs must be directed to the school district board of trustees serving students eligible for the aid pursuant to state and federal law.~~ After receipt of federal or state categorical aid funds, sponsors shall, within ten business days, supply to the charter school the proportional share of each categorical fund for which the charter school qualifies. If the sponsor fails to do so, the Department of Education may fine the sponsor an amount equivalent to the withheld amounts. Fines imposed must be remitted to the charter school from which the amounts were withheld.

(E) All services centrally or otherwise provided by the sponsor ~~or local school district, if any,~~ including, but not limited to, food services, custodial services, maintenance, curriculum, media services, libraries, and warehousing are subject to negotiation between a charter school and the sponsor ~~or local school district~~ and must be outlined in the contract required pursuant to Section 59‑40‑70(F).

(F) All awards, grants, or gifts collected by a charter school must be retained by the charter school.

(G) The governing body of a charter school is authorized to accept gifts, donations, or grants of any kind made to the charter school and to expend or use the gifts, donations, or grants in accordance with the conditions prescribed by the donor. A gift or donation must not be required for admission. However, a gift, donation, or grant must not be accepted by the governing board if subject to a condition contrary to law or contrary to the terms of the contract between the charter school and the governing body. All gifts, donations, or grants must be reported to the sponsor in their annual audit report as required in Section 59‑40‑50(B)(3).

(H) A charter school shall report to its sponsor and the Department of Education any change to information provided under its application. In addition, a charter school shall report at least annually to its sponsor and the sponsor shall compile those reports into a single document which must be submitted to the department. The Department of Education shall develop a template to be used by charter schools for this annual report. The report shall provide all information required by the sponsor or the department and shall include ~~including~~, at a minimum~~,~~:

(1) the number of students enrolled in the charter school from year to year;

(2) the success of students in achieving the specific educational goals for which the charter school was established;

(3) an analysis of achievement gaps among major groupings of students in both proficiency and growth; ~~and~~

(4) the identity and certification status of the teaching staff;

(5) the financial performance and sustainability of the sponsor’s charter schools; and

(6) board performance and stewardship including compliance with applicable laws.

(I) The sponsor shall provide technical assistance to persons and groups preparing or revising charter applications at no expense.

(J) Charter schools may acquire by gift, devise, purchase, lease, sublease, installment purchase agreement, land contract, option, or by any other means, and hold and own in its own name buildings or other property for school purposes and interests in it which are necessary or convenient to fulfill its purposes.

(K) Charter schools are exempt from all state and local taxation, except the sales tax, on their earnings and property. Instruments of conveyance to or from a charter school are exempt from all types of taxation of local or state taxes and transfer fees.”

SECTION 11. Section 59‑40‑190(C), as added by Act 447 of 1996, is amended to read:

“(C) A local school district, sponsor, members of the board of a sponsor, and employees of a sponsor acting in their official capacity are immune from civil or criminal liability with respect to all activities related to a charter school they sponsor. The governing body of a charter school shall obtain at least the amount of and types of insurance required for this purpose.”

SECTION 12. Section 59‑40‑230(A) of the 1976 Code, as added by Act 274 of 2006, is amended to read:

“(A) The South Carolina Public Charter School District must be governed by a board of trustees consisting of not more than ~~eleven~~ ten members:

(1) two appointed by the Governor;

(2) one appointed by the Speaker of the House of Representatives;

(3) one appointed by the President Pro Tempore of the Senate; and

(4) ~~seven~~ six to be appointed by the Governor upon the recommendation of the:

(a) ~~South Carolina Association of Public Charter Schools and one additional representative from the association;~~

~~(b)~~ South Carolina Association of School Administrators;

~~(c)~~(b) South Carolina Chamber of Commerce;

~~(d)~~(c) South Carolina Education Oversight Committee;

~~(e)~~(d) South Carolina School Boards Association;

~~(f)~~(e) South Carolina Alliance of Black Educators~~.~~; and

(f) South Carolina High School League.

The ~~nine~~ eight members appointed by the Governor pursuant to this subsection are subject to advice and consent of the Senate. Membership of the committee must reflect representatives from each of the entities in item (A)(4) or their designee as reflected in their recommendation.

Each member of the board of trustees shall serve terms of three years, except that, for the initial members, two appointed by the Governor, one by the Speaker of the House, and one by the President Pro Tempore of the Senate, shall serve terms of one year and three appointed by the Governor shall serve terms of two years. A member of the board may be removed after appointment pursuant to Section 1‑3‑240. In making appointments, every effort must be made to ensure that all geographic areas of the State are represented and that the membership reflects urban and rural areas of the State as well as the ethnic diversity of the State.”

SECTION 13. Section 59‑40‑130(A) of the 1976 Code, as last amended by Act 274 of 2006, is further amended to read:

“(A)(1) If an employee of a local school district makes a written request for leave to be employed at a charter school before July 1, 2006, the school district shall grant the leave for up to five years as requested by the employee. The school district may require that the request for leave or extension of leave be made by the date provided for by state law for the return of teachers’ contracts. Employees may return to employment with the local school district at its option with the same teaching or administrative contract status as when they left but without assurance as to the school or supplemental position to which they may be assigned.

(2) Notwithstanding the provisions of item (1) of this subsection and subject to the provisions of subsection (B) of this section, a charter school employing after June 30, 2006, an individual on leave from a local school district shall participate in the South Carolina Retirement Systems as a covered employer with respect to that employee on leave through the earlier of the date the employee on leave returns to employment by the district or June 30, 2011, and only if the charter school and the employee have made required employer and employee contributions to the South Carolina Retirement Systems from the employee’s date of employment with the charter school.”

SECTION 14. This act takes effect upon approval by the Governor.

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