

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	HB 2966
Version:	FA1
Request Number:	8345
Author:	Speaker McCall
Date:	5/24/2021
Impact:	No Negative Impact

Research Analysis

The Floor Amendment for HB 2966:

Prohibits a charter school from supplementing the instruction of students enrolled in private school;

Requires all state funds appropriated to any charter school that contracts with an educational management company to remain public funds and be maintained in public accounts subject to audit, transparency, and oversight. These funds may not be converted to private funds except for the funds which are paid for charter school expenses and paid to the educational management organization pursuant to the terms of the contract, and in accordance with state law. If there are discrepancies the charter school board, charter school sponsor and State Department of Education may request documentation from the education management organization.

Requires the sponsor of a charter school to annually evaluate the school using the performance framework established in the contract. The framework shall serve as the minimum requirement for performance evaluation and shall include an assessment of compliance with any state and IRS financial reporting requirements, audit findings or deficiencies, and accreditation and timely reporting;

Prohibits a charter school governing board from combining the accounting, budgeting, recordkeeping and operational decisions of more than one charter school. Educational management organizations are also prohibited from comingling the funds of multiple schools;

Clarifies that charter school governing boards are subject to the Open Meeting Act and Open Records Act and subjects the governing board of a charter school sponsor to conflict of interest requirements. The measure also modifies the governing board requirements of a virtual charter school;

Requires the charter sponsor to use the sponsorship fee it collects for administrative services toward providing oversight of the school;

Requires the calculation of administrative services to include funds paid to an educational management organization;

Prohibits an educational management organization from:

- Controlling the governing board of a charter school,
- Employing a charter school superintendent who is also the owner of the educational management organization if they own more than 10% of the education management organization.

- Employing legal counsel who also represents the charter school, or charter school board
- Requesting public employees to complete tasks or perform duties that the educational management organization has been contracted to perform.

Prepared By: Emily Wendler

Fiscal Analysis

As written, the measure is not anticipated to result in a negative fiscal impact on the state budget or appropriations. However, the measure reduces the percentage of state-appropriated funds allowed to be withheld by the Statewide Virtual Charter School Board for administrative expenses from five percent (5%) to three percent (3%). Additionally, the measure establishes new expenditure and reporting guidelines related to state-appropriated funds. While these changes are not expected to have a negative impact on state appropriations, there may be district-level impacts.

Prepared By: Cole Stout

Other Considerations

None.