

MN ASSOCIATION OF CHARTER SCHOOLS – NEW LAW PRIMER 2023

NEW LAW: CMO/EMO ACCOUNTABILITY & TRANSPARENCY – (MN Statutes 124E)

LEGAL DEFINITIONS

CHARTER MANAGEMENT ORGANIZATION OR CMO

- Means “any nonprofit or for-profit entity that contracts with a charter school board of directors to provide, manage, or oversee all or substantially all of a school’s education program or a school’s administrative, financial, business, or operational functions.”

EDUCATION MANAGEMENT ORGANIZATION OR EMO

- Means “a nonprofit or for-profit entity that provides, manages, or oversees all or substantially all of the education program, or the school’s administrative, financial, business, or operational functions.”

SCHOOL AUDIT REPORT REQUIREMENTS

- **A copy of a new management agreement or an amendment to the current agreement** with a CMO or EMO signed during the audit year; and
- **A copy of the service agreement or contract** with a company or individual totaling more than 5 percent of the audited expenditures for the most recent audit year.

SCHOOL’S ANNUAL REPORT REQUIREMENT

- **Information about the school’s management agreements** with a CMO/EMO

PUBLIC ACCOUNTABILITY & REPORTING RESPONSIBILITIES OF THE SCHOOL

- **Publish on the school website** for at least 20 business days the proposed final agreement with a CMO or EMO for public comment before the school board may adopt the contract or agreement
- **Annually publish on the school website** a statement of assurance that no school board member, staff member, agent of the school has been promised or received any form of compensation or gifts from the CMO or EMO
- **Annually publish on the school website** a statement of assurance that no board member, employee, or agent of the CMO or EMO or any of the organization affiliates or providers serve on the charter school board.
- **Conduct an independent review and evaluation** of the services provided by the CMO or EMO & publish the evaluation on the school website **at least 30 business days** before the end of the current contract.

PROVISIONS REQUIRED IN CONTRACTS OR AGREEMENTS WITH A CMO OR EMO

- **Term of the contract** or agreement, it **may not exceed five years**;
- **Total dollar value** of the contract or agreement including projected costs of services;
- **Description and terms of the services** to be provided during the term of the contract;
- Notice that a school closure during the term of the contract by action of the authorizer or board of directors means that current contract becomes null and void;
- A process for an **annual statement of assurance** to the charter school board that the CMO or EMO provided no compensation of gifts to any school board member, staff member, or agent of the school;
- A process for an **annual statement of assurance** to be issued that no charter school board member, employee, contractor, or agent of the CMO or EMO or any affiliated organization is a board member of the school or any other charter school.
- **Policies and protocols that meet federal and state laws regarding student and personnel data collection, usage, access, retention, disclosure and destruction**, and indemnification and warrant provisions in case of data breaches by the CMO or EMO;
- A process for an **annual assurance** to the charter school board that all assets purchased on behalf of the school using public funds remain assets of the school.

PROVISIONS THAT NULLIFY AND VOID A CONTRACT WITH A CMO OR EMO

- **Any restriction** on the school's ability to continue to operate upon the termination of the agreement with the CMO or EMO.
- **Any restriction** on the annual or total amount of the school's operating surplus or fund balance.
- **Any authorization** which allows a CMO or EMO to withdraw funds from school accounts.
- **Any authorization** to allow a CMO or EMO to loan funds to the school.

CMO & EMO FINANCIAL ACCOUNTABILITY

- The **CMO or EMO must annually** provide the school's board of directors a financial report by **July 31** that accounts for income and expenditures for the previous fiscal year using the account categories in the Uniform Financial Accounting and Reporting Standards (**UFARS**).

CMO & EMO CONFLICT OF INTERESTS - AUTHORIZERS

- A CMO or EMO or its affiliates, employees, or agents **may not contract, be employed by, or serve on the board** of an authorizer.
- An authorizer or its affiliates, employees, or agents **may not contract, be employed by, or serve as a paid consultant for, or serve as a board member** of a CMO or EMO.

EFFECTIVE DATE - AUGUST 1, 2023