

**BILL SUMMARY**  
1<sup>st</sup> Session of the 59<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 2414</b>
<b>Version:</b>	<b>INT</b>
<b>Request Number:</b>	<b>6166</b>
<b>Author:</b>	<b>Rep. Johns</b>
<b>Date:</b>	<b>2/27/2023</b>
<b>Impact:</b>	<b>No Negative Impact</b>

**Research Analysis**

HB 2414, as introduced:

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 State Auditor to conduct an operating agreement review of each charter school that contracts with an EMO in their third year of operation;

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. The sponsor may develop a separate performance framework to evaluate a charter school designated as an alternative education program.

The measure 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. The measure 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.

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.
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Prepared By: Emily Byrne

### **Fiscal Analysis**

As written, the measure is not anticipated to result in a negative fiscal impact on the state budget or appropriations.

Prepared By: Cole Stout, House Fiscal Staff

### **Other Considerations**

None.