IN THE SENATE

SENATE BILL NO. 1176

BY JUDICIARY AND RULES COMMITTEE

AN ACT RELATING TO EDUCTION; AMENDING SECTION 33-1619, IDAHO CODE, TO REVISE PROVI-SIONS REGARDING VIRTUAL EDUCATION PROGRAMS IN SCHOOL DISTRICTS; AMEND-ING SECTION 33-5202A, IDAHO CODE, TO REVISE A DEFINITION; AMENDING SEC-TION 33-5203, IDAHO CODE, TO REVISE PROVISIONS REGARDING APPROVAL OF PUBLIC CHARTER SCHOOLS; AMENDING SECTION 33-5206, IDAHO CODE, TO RE-VISE PROVISIONS REGARDING REQUIREMENTS FOR OPERATING A PUBLIC CHARTER SCHOOL; AMENDING SECTION 33-5207, IDAHO CODE, TO REVISE PROVISIONS RE-GARDING PUBLIC CHARTER SCHOOL FINANCIAL SUPPORT; AND DECLARING AN EMER-GENCY AND PROVIDING AN EFFECTIVE DATE.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 33-1619, Idaho Code, be, and the same is hereby amended to read as follows:

- 33-1619. VIRTUAL EDUCATION PROGRAMS. (1) School districts may offer instruction via the internet in a distributed environment. For programs meeting such definition, the school district may count and report the average daily attendance of the program's students in the manner prescribed in section 33-5207, Idaho Code. School districts may also offer instruction that is a blend of virtual and traditional instruction. For such blended programs, the school district may count and report the average daily attendance of the program's students in the manner prescribed in section 33-5207, Idaho Code. Alternatively, the school district may count and report the average daily attendance of the blended program's students in the same manner as provided for traditional programs of instruction, for the days or portions of days in which such students attend a physical public school. For the balance of days or portions of days, average daily attendance may be counted in the manner prescribed in section 33-5207, Idaho Code.
- (2) School districts offering virtual education programs pursuant to this section shall:
 - (a) Make available the information required under section 33-5205(3), Idaho Code, except for information pursuant to section 33-5205(3)(h), Idaho Code; and
 - (b) Require that all contracts and any subsequent amendments thereto between a school district and an educational services provider be approved by the school district board of trustees prior to execution. A school district that contracts with an educational services provider shall maintain records that verify proof of Idaho residency for all students and contain financial statements demonstrating lawful expenditure of all state and federal funds. All eligible expenses, materials, products, technology devices, and other related services that may be provided or made available by the educational services provider shall be approved by the school district board of trustees and any related

payments or reimbursements shall be processed by the school district. Neither a school district nor an educational services provider shall furnish payment directly to any parents or legal guardians of an enrolled student for items or services not approved by the school district board of trustees.

SECTION 2. That Section 33-5202A, Idaho Code, be, and the same is hereby amended to read as follows:

- 33-5202A. DEFINITIONS. As used in this chapter, unless the context requires otherwise:
- (1) "Application" means the document submitted to the authorizer to request the creation of a public charter school.
 - (2) "Authorizer" means any of the following:
 - (a) A local board of trustees of a school district;
 - (b) The public charter school commission;

- (c) An Idaho public college, university, or community college; or
- (d) A private, nonprofit, Idaho-based, nonsectarian college or university that is accredited by the same organization that accredits Idaho public colleges and universities.
- (3) "Charter" means the grant of authority approved by the authorizer to the charter holder.
- (4) "Charter holder" means the public charter school's board of directors to which a charter is granted.
- (5) "Educational services provider" means a nonprofit or for-profit entity that contracts with a public charter school <u>or a school district</u> for a fee to provide educational services and resources, including administrative support and educational design, implementation, or management.
- (6) "Founder" means a person who makes a material contribution toward the establishment of a public charter school and who is designated as such by the charter holder.
- (7) "Performance certificate" means a fixed-term, renewable certificate between a public charter school and an authorizer that outlines the negotiated roles, powers, responsibilities, and performance expectations for each party to the certificate.
- (8) "Public charter school" means a school that is authorized pursuant to this chapter to deliver public education in Idaho.
- (9) "Public charter school commission" or "commission" means the public charter school commission established pursuant to section 33-5213, Idaho Code.
- (10) "Traditional public school" means any school that is operated and controlled by a school district in this state.
- (11) "Virtual school" means a public charter school that delivers a full-time, sequential program of synchronous and/or asynchronous instruction primarily through the use of technology via the internet in a distributed environment. Schools classified as virtual must have an online component to their school with online lessons and tools for student and data management. Students enrolled in a virtual school may meet at the same location and time while receiving virtual instruction.

SECTION 3. That Section 33-5203, Idaho Code, be, and the same is hereby amended to read as follows:

- 33-5203. APPROVAL OF PUBLIC CHARTER SCHOOLS. (1) No whole school district may be converted to a charter district or any configuration that includes all schools as public charter schools.
 - (2) (a) The authorizer must receive an application no later than September 1 for a new public charter school to be eligible to begin instruction the first complete school year following receipt of the application, unless the authorizer agrees to a later date; and
 - (b) To begin operations, a newly chartered public school must be authorized by no later than January 1 of the previous school year, unless the authorizer agrees to a later date.
- (3) Any authorizer may approve a public charter school formed by creating a new public charter school or by replicating an existing public charter school. Converting an existing traditional public school to a public charter school may only be approved only by the board of trustees of the school district in which the existing public school is located.
 - (4) No charter shall be approved under this chapter:

- (a) That provides for the conversion of any existing private or parochial school to a public charter school;
- (b) For a for-profit entity; provided, however, nothing in this section shall prevent the board of directors of a public charter school from legally contracting with an educational service provider that provides comprehensive educational administrative and management services or with for-profit entities for the provision of products or services that aid in the operation of the school; or
- (c) By the board of trustees of a school district if the public charter school's physical location is outside the boundaries of the authorizing school district.
- (5) A virtual school shall not be authorized by any entity except the public charter school commission. Beginning on and after July 1, 2025, any virtual schools that were authorized by an entity other than the commission shall apply to transfer authorization to the commission in accordance with the application process provided for in section 33-5205, Idaho Code.
- (5) (6) A charter holder may not operate enterprises unrelated to the educational purposes for which the public charter school has been authorized. In cases of related enterprises, including but not limited to daycare and after_school programs, no state education funding authorized pursuant to this chapter may be used to subsidize such related enterprises.
 - $\frac{(6)}{(7)}$ (a) Each authorized public charter school is hereby designated as a local education agency (LEA) as such term is defined in 34 CFR 300.28, unless the charter holder and authorizer agree that:
 - (i) Public charter schools authorized by the board of trustees of a school district may be included in that district's LEA; or
 - (ii) Entities with multiple charters may operate as a single LEA.
 - (b) Notice of an agreement pursuant to paragraph (a) of this subsection must be provided to the state department of education by no later than February 1 of the proceeding preceding school year.

SECTION 4. That Section 33-5206, Idaho Code, be, and the same is hereby amended to read as follows:

- 33-5206. REQUIREMENTS FOR OPERATING A PUBLIC CHARTER SCHOOL. (1) A public charter school shall be nonsectarian in its programs, affiliations, admission policies, employment practices, and all other operations, shall not charge tuition, levy taxes, or issue bonds, and shall not discriminate against any student on any basis prohibited by the federal or state constitution or any federal, state, or local law. Public charter schools shall comply with the federal individuals with disabilities education act. Admission to a public charter school shall not be determined according to the place of residence of the student or of the student's parent or guardian within the district.
 - (2) No board of trustees of a public school district may require:
 - (a) Any employee of the school district to be involuntarily assigned to work in a public charter school; or
 - (b) Any student enrolled in the school district to attend a public charter school.
- (3) Employment of charter school teachers and administrators shall be on written contract.
- (4) Administrators may be certified pursuant to the requirements set forth in chapter 12, title 33, Idaho Code, pertaining to traditional public schools or may hold a charter school administrator certificate, which requires that the administrator:
 - (a) Holds a bachelor's degree from an accredited four (4) year institution;
 - (b) Submits to a criminal history check as described in section 33-130, Idaho Code;
 - (c) Completes a course consisting of a minimum of three (3) semester credits in the statewide framework for teacher evaluations, which shall include a laboratory component;
 - (d) Submits a letter of support from a charter holder; and
 - (e) Has one (1) or more of the following:

- (i) Four (4) or more years of experience administering a public charter school;
- (ii) A postbaccalaureate degree and a minimum of five (5) years of experience in school administration, public administration, business administration, or military administration;
- (iii) Successful completion of a nationally recognized charter school leaders fellowship; or
- (iv) Four (4) or more years of teaching experience and a commitment from an administrator at a charter school in academic, operational, and financial good standing, according to its authorizer's most recent review, to mentor the applicant for a minimum of one (1) year.
- (5) A charter school administrator certificate is valid for five (5) years and renewable thereafter. Administrators shall be subject to oversight by the professional standards commission. Certificates may be revoked pursuant to the provisions of section 33-1208, Idaho Code. Issuance of a

certificate to any applicant may be refused for such reason as would have constituted grounds for revocation.

- (6) Certified teachers in a public charter school shall be considered public school teachers. Educational experience shall accrue for service in a public charter school and be counted by any school district for any teacher who has been employed in a public charter school. The staff of the public charter school shall be considered a separate unit for the purposes of collective bargaining.
- (7) Charter school teachers may be certified pursuant to the requirements set forth in chapter 12, title 33, Idaho Code, pertaining to traditional public school districts or may hold a charter school-specific teaching certificate.
 - (a) Criteria for a charter school-specific teaching certificate shall be in writing and require that teachers satisfy the provisions set forth in section 33-1202 1., 3., and 4., Idaho Code, and meet the following minimum educational or professional qualifications:
 - (i) Hold a bachelor's degree from an accredited institution; or
 - (ii) If instructing students in the fields of career technical education, satisfy the provisions of section 33-2205(6)(a), Idaho Code. Career technical education programs taught by teachers with a charter school-specific teaching certificate shall receive added-cost funding set forth in section 33-2215, Idaho Code, in an amount equal to programs taught by teachers with an occupational specialist teaching certificate.
 - (b) Teachers with a charter school-specific teaching certificate shall receive mentoring and professional development as approved by the charter holder.
 - (c) The state board of education shall issue charter school-specific teaching certificates to teachers upon recommendation of the individual charter school, unless denied on the grounds set forth in section 33-1208, Idaho Code.
 - (d) For teachers holding a charter school-specific teaching certificate, a charter school may substitute its own ongoing education and professional development requirements in place of those set forth in rule by the state board of education if the same number of credit hours is required as that of teachers holding a standard instructional certificate.
- (8) Public charter schools may contract with educational services providers subject to the following provisions:
 - (a) Educational services providers shall be third-party entities separate from the public charter schools with which they contract and shall not be considered governmental entities, provided that such contracts may be evaluated by the authorizer;
 - (b) No more than one-third (1/3) of the public charter school's board membership may be comprised of nonprofit educational services provider representatives. Nonprofit educational services provider representatives may not be employees of the public charter school or the educational services provider and may not hold office as president or treasurer on the public charter school's board. For-profit educational

services providers may not have representatives on the public charter school's board of directors;

- (c) Charter holders shall annually disclose any existing and potential conflicts of interest, pecuniary or otherwise, with affiliated educational services providers;
- (d) Charter holders shall retain accountability for academic, fiscal, and organizational operations and outcomes of the school and may not relinquish this responsibility to any other entity;
- (e) Contracts must ensure that school boards retain the right to terminate the contract for failure to meet defined performance standards after notice and a reasonable cure period has expired and if material deficiencies have not been cured prior to that time period expiring;
- (f) Contracts must ensure that assets purchased by educational services providers on behalf of the school, using public funds, shall remain assets of the school. The provisions of this paragraph shall not prevent educational services providers from acquiring assets using revenue acquired through management fees;
- (g) Charter holders shall consult legal counsel independent of the party with whom they are contracting for purposes of reviewing the school's management contract and facility lease or purchase agreements to ensure compliance with applicable state and federal law, including requirements that state entities not enter into contracts that obligate them beyond the terms of any appropriation of funds by the state legislature;
- (h) Charter holders must ensure that their facility contracts are separate from management contracts; and
- (i) All contracts and any subsequent amendments thereto between a virtual school and an educational services provider shall be approved by the virtual school's authorizer prior to execution. A virtual school that contracts with an educational services provider shall, annually, provide its authorizer with proof of Idaho residency for all students and audited financial statements demonstrating lawful expenditure of all state and federal funds. Neither a virtual school nor an educational services provider under contract with a virtual school shall furnish payment directly to parents or legal guardians of an enrolled student, except in exchange for goods or property sold or leased by the parent or legal quardian to the school or educational services provider or for a service performed by the parent or legal guardian as an employee or contractor of the school or educational services provider. A virtual school shall be deemed financially sufficient if there is an agreement that requires an educational services provider to assume the virtual school's financial risk when it does not have sufficient residual funds to pay the educational services provider. Where this paragraph is applicable, the educational services provider shall make its audited financial statements available, unless the educational services provider already makes such audited financial statements publicly available for compliance with other federal or state laws. Upon recommendation by the authorizer, the state department of education may deduct amounts related to noncompliance with the provisions of this subsection from subsequent years' public education support program appropriations.

(9) Admission procedures, including provision for over-enrollment, shall provide that the initial admission procedures for a public charter school will be determined by lottery or other random method, except as otherwise provided in this section. A charter holder shall strive to ensure that citizens in the primary attendance area are made aware of the enrollment opportunities and deadline. The public notice must include the enrollment deadline, the public charter school's total enrollment capacity for the next school year, and an advisory that all prospective students will be given the opportunity to enroll in the public charter school regardless of race, color, national origin, ethnicity, religion, gender, socioeconomic status, or special needs.

- (a) If initial capacity is insufficient to enroll all pupils who submit a timely application, then the admission procedures may provide that preference shall be given in the following order: first, to children of founders, provided that this admission preference shall be limited to not more than ten percent (10%) of the capacity of the public charter school; second, to siblings of pupils already selected by the lottery or other random method; third, to pupils seeking to transfer from another Idaho public charter school or authorizer at which they have been enrolled for at least one (1) year, provided that this admission preference shall be subject to an existing written agreement for such preference between the subject charter schools or authorizer; fourth, to students residing within the primary attendance area of the public charter school; and fifth, by an equitable selection process such as a lottery or other random method. A public charter school may weight the school's lottery to preference admission for the following educationally disadvantaged students: students living at or below one hundred eightyfive percent (185%) of the federal poverty level, students who are homeless or in foster care, children with disabilities as defined in section 33-2001, Idaho Code, students with limited English proficiency, and students who are at-risk as defined in section 33-1001, Idaho Code. A public charter school may include the children of full-time employees of the public charter school within the first priority group, subject to the limitations therein.
- (b) If capacity is insufficient to enroll all pupils who submit a timely application for subsequent school terms, then the admission procedures may provide that preference shall be given in the following order: first, to pupils returning to the public charter school in the second or any subsequent year of its operation; and then as provided in paragraph (a) of this subsection. The sibling preference in subsequent school years applies to siblings of a returning pupil and of a pupil selected by the lottery or other random method. A new lottery shall be conducted each year to fill vacancies that become available. A public charter school may weight the school's lottery to preference admission as provided in this paragraph and paragraph (a) of this subsection and for children who attended the public charter school within the previous three (3) school years but withdrew as a result of the relocation of a parent or guardian due to an academic sabbatical or an employer or military transfer or reassignment.

- (c) Each public charter school shall establish a process under which a child may apply for enrollment or register for courses, regardless of where such child resides at the time of application or registration, if the child is a dependent of a member of the United States armed forces who has received transfer orders to a location in Idaho and will, upon such transfer, reside in an area served by the public charter school. If capacity is insufficient as described in paragraph (a) or (b) of this subsection, a child described in this paragraph shall be treated as a student residing within the primary attendance area of the public charter school for purposes of preference. Otherwise, such children shall be included in the highest priority group for which they would otherwise be eligible.
- (d) Admission to a public charter school shall be determined by a selection process held within seven (7) days of the enrollment deadlines established by the charter holder. The selection process must take place in a public setting, the date and time of which must be noticed to the public at least forty-eight (48) hours in advance.
- (e) Within seven (7) days after conducting the selection process, the charter holder shall send an offer to the legal guardian who submitted a written request for admission on behalf of a student notifying such person that the student has been selected for admission to the public charter school. An offer must be signed by such student's parent or guardian and returned to the public charter school by the date designated in such offer letter. Remaining students shall be notified that they may be eligible for admission at a later date if a seat becomes available.
- (f) If a school exceeds its projected student count in a lottery and a sufficient wait list exists, the school may increase enrollment by adding additional students per grade, not to exceed the total amount of students authorized by the charter.
- SECTION 5. That Section 33-5207, Idaho Code, be, and the same is hereby amended to read as follows:
- 33-5207. PUBLIC CHARTER SCHOOL FINANCIAL SUPPORT. (1) Except as otherwise provided for in this section, the state department of education shall make the following apportionment to each charter school for each fiscal year based on attendance figures submitted in a manner and time as required by the state department of education.
- (2) Per student support. Computation of support units for each public charter school shall be calculated as if it were a separate school according to the schedules in section 33-1002(4), Idaho Code, except that public charter schools with fewer than one hundred (100) secondary ADA shall use a divisor of twelve (12) and the minimum units shall not apply. No public charter school shall receive an increase in support units that exceeds the support units it received in the prior year by more than forty (40), except in cases of state-declared emergencies that have been approved by the authorizer as having an impact on public education. Funding from the state educational support program shall be equal to the total distribution factor, plus the salary-based apportionment provided in chapter 10, title 33, Idaho Code. Provided, however, any public charter school that is formed by the conversion of an existing traditional public school shall be assigned divisors,

pursuant to section 33-1002, Idaho Code, that are no lower than the divisors of the school district in which the traditional public school is located, for each category of pupils listed.

- (3) Special education. For each student enrolled in the public charter school who is entitled to special education services, the public charter school shall receive the state and federal funds from the exceptional child education program for that student that would have been apportioned to the school district in which the public charter school is located.
- (4) Alternative school support. Public charter schools may qualify under the provisions of sections 33-1002 and 33-1002C, Idaho Code, provided the public charter school meets the necessary statutory requirements and students qualify for attendance at an alternative school as provided by rule of the state board of education.
- (5) Transportation support. Support shall be paid to the public charter school as provided in chapter 15, title 33, Idaho Code, and section 33-1006, Idaho Code. Each public charter school shall furnish the department with an enrollment count as of the first Friday in November of public charter school students who are eligible for reimbursement of transportation costs under the provisions of this subsection and who reside more than one and one-half (1 1/2) miles from the school. The state department of education is authorized to include in the annual appropriation to the charter school sixty percent (60%) of the estimated transportation cost. The final appropriation payment in July shall reflect reimbursements of actual costs pursuant to section 33-1006, Idaho Code. To be eligible for state reimbursement under the provisions of section 33-1006, Idaho Code, the student to be transported must reside within the public charter school's primary attendance area and must meet at least one (1) of the following criteria:
 - (a) The student resides within the school district in which the public charter school is physically located; or
 - (b) The student resides within fifteen (15) miles by road of the public charter school. The limitations placed by this subsection on the reimbursement of transportation costs for certain students shall not apply to public virtual schools.
 - (6) Facilities funds.

The state department of education shall distribute facilities funds to public charter schools for each student in which a majority of the student's instruction is received at a physical facility that is owned or leased by the public charter school. Such funds shall be used to defray the costs associated with payments for real property used by the students or employees of the public charter school for educational or administrative purposes. Such funds shall be distributed at four hundred dollars (\$400) per attending student pursuant to section 33-1003A, Idaho Code. In fiscal year 2027 and each fiscal year thereafter, the four hundred dollars (\$400) per attending student shall be adjusted by a percentage equal to the percent change in discretionary funding per support unit included in the public education support program for that fiscal year; provided, however, that the attending student amount shall not be decreased to less than four hundred dollars (\$400) per attending student. For the purposes of this paragraph, beginning in state fiscal year 2025, "attending student" means each

student in average daily attendance in kindergarten through grade 12 at such physical charter school facilities where the student is enrolled; except that, upon formal approval by the state board of education, a charter school may receive an exemption to the physical facility requirement pursuant to the provisions of this paragraph if the student would have attended a physical facility if not for a stated emergency.

- For those public charter schools that do not receive facilities funds for all enrolled students, the school may submit to the state department of education a reimbursement claim for any costs for which facilities funds may be used. The state department of education shall reduce such claim by the greater of fifty percent (50%) or the percentage of the school's enrolled students for which the school receives facilities funds and shall pay the balance. Provided, however, that the total reimbursements paid to a public charter school, in combination with any facilities stipend received by the school, shall not exceed the amount of facilities funds that would have been received by the school had the school received facilities funds for all students in average daily attendance pursuant to section 33-1003A, Idaho Code. For the purposes of this subsection, the term "real property" shall be used as defined in section 63-201, Idaho Code. A virtual public charter school authorized by the public charter school commission or authorized by a public school district on or after March 1, 2024, shall not be eligible for funds appropriated pursuant to the provisions of this subsection.
- (7) Payment schedule. The state department of education is authorized to make an advance payment of twenty-five percent (25%) of a public charter school's estimated annual apportionment for its first year of operation, and each year thereafter, provided the public charter school is serving more grades or at least ten percent (10%) more classes than the previous year, to assist the school with initial start-up costs or payroll obligations. For a public charter school entering at least its second year of operation, the state department of education may require documentation establishing the need for such an advance payment, including comparative class schedules and proof of a commensurate increase in the number of employees.
 - (a) For a public charter school to receive the advance payment, the school shall submit its anticipated fall membership for each grade level to the state department of education by June 1.
 - (b) Using the figures provided by the public charter school, the state department of education shall determine an estimated annual apportionment from which the amount of the advance payment shall be calculated. Advance payment shall be made to the school on or after July 1 but no later than July 31.
 - (c) All subsequent payments, taking into account the onetime advance payment made for the first year of operation, shall be made to the public charter school in the same manner as other traditional public schools in accordance with the provisions of section 33-1009, Idaho Code. A public charter school shall comply with all applicable fiscal requirements of law, except that the following provisions shall not be applicable to public charter schools: that portion of section 33-1004, Idaho Code, relating to reduction of the administrative and instructional staff allowance and the pupil service staff allowance when there is a dis-

crepancy between the number allowed and the number actually employed; and section 33-1004E, Idaho Code, for calculation of district staff indices.

- (8) If an authorizer has reason to believe that a public charter school cannot remain fiscally sound for the remainder of its certificate term, it shall provide the state department of education with written notification of such concern. Upon receiving such notification, the state department of education shall have the authority to modify the percentage of the total appropriation to be paid to the public charter school pursuant to the provisions of section 33-1009 1., Idaho Code, such that equal percentages are paid on each of the prescribed dates.
- (9) Each public charter school shall pay an authorizer fee to its authorizer, not to initially exceed twenty thousand dollars (\$20,000), or, in the case of existing charter schools, up to a five-percent (5%) increase of the previous year's fee. Authorizers shall annually set the authorizer's fee and in doing so shall document the fees to actual expenditures associated with authorizing.
 - (10) Nothing in this chapter shall prevent a public charter school from:
 - (a) Applying for federal grant moneys or for career technical education funding of any source; or
 - (b) Receiving funding or other financial assistance for the establishment or operation of a public charter school from any private person or organization.
- (11) Each student in attendance at a public virtual school shall be funded based on either the actual hours of attendance in the public virtual school on a flexible schedule or the percentage of coursework completed, whichever is more advantageous to the school, up to the maximum of one (1) full-time equivalent student. The staff allowance for virtual schools provided for in section 33-1004(2) and (3), Idaho Code, shall not exceed the lesser of the number calculated pursuant to section 33-1004(2) and (3), Idaho Code, or of one hundred twenty-five percent (125%) of the actual full-time equivalent staff employed in such staffing categories.
- (12) All federal educational funds shall be administered and distributed to public charter schools, including public virtual schools, that have been designated as a local education agency (LEA), as provided in section 33-5203, Idaho Code.
- (13) Nothing in this section prohibits separate face-to-face learning activities or services. In order to be eligible for career technical education essential components funding, virtual schools may be required to offer some face-to-face instruction in order to meet industry standards, licensing requirements, work-based learning requirements, or other requirements set forth by law.
- (14) The provisions of section 33-1021, Idaho Code, shall apply to public charter schools provided for in this chapter.

SECTION 6. An emergency existing therefor, which emergency is hereby declared to exist, this act shall be in full force and effect on and after July 1, 2025.