

The House Committee on Education offers the following substitute to HB 895:

A BILL TO BE ENTITLED  
AN ACT

1 To amend Chapter 2 of Title 20 of the Official Code of Georgia Annotated, relating to  
2 elementary and secondary education, so as to provide for the establishment of a charter  
3 schools financial management certification; to provide that certain personnel of a charter  
4 school or state charter schools shall not serve simultaneously as the chief financial officer for  
5 the school; to include certain requirements for training for charter school and state charter  
6 school governing board members; to provide for related matters; to repeal conflicting laws;  
7 and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 Chapter 2 of Title 20 of the Official Code of Georgia Annotated, relating to elementary and  
11 secondary education, is amended by revising Code Section 20-2-2072, relating to training  
12 for board members, as follows:

13 "20-2-2072.

14 The members of the governing board of the nonprofit organization of each charter school  
15 shall participate in initial training for boards of newly approved charter schools and annual  
16 training thereafter, conducted or approved by the state board. The state board shall provide  
17 for or approve such initial and annual training. For charter schools that are college and  
18 career academies, as defined in subsection (b) of Code Section 20-4-37, the state board  
19 shall provide or approve such training in conjunction with the Technical College System  
20 of Georgia. The training shall include, but not be limited to, best practices on school  
21 governance, the constitutional and statutory requirements relating to public records and  
22 meetings, and the requirements of applicable statutes and rules and regulations. The  
23 training shall also include two to three hours annually regarding sound fiscal management  
24 and monitoring the implementation of the budget in accordance with state laws and  
25 regulations which includes the following elements:

- 26 (1) Board developed policies to ensure sound fiscal management, including but not  
 27 limited to: balanced budget requirements, spending level authorizations and permissions,  
 28 deficit spending restrictions, establishment of special funds, and reserve maintenance  
 29 requirements;  
 30 (2) Holding the principal, or its equivalent, accountable for the implementation of the  
 31 budget in a manner consistent with the school's strategic plan;  
 32 (3) Establishing through policy, the level of spending beyond the budget for which the  
 33 school leader must seek board approval;  
 34 (4) Monitoring the school's audits, monthly financial reports, and additional financial  
 35 reports needed to make informed decisions and to ensure execution of the budget in a  
 36 manner consistent with the strategic plan and strategic goals of the school;  
 37 (5) Reviewing and addressing annually audited financial records and audit findings, with  
 38 a goal of proactively preventing audit exceptions;  
 39 (6) Addressing fiscal matters in a manner consistent with state law, sound business  
 40 practice, and ethical principles regarding conflicts of interest; and  
 41 (7) Operating in a manner such that the board's financial decisions and actions do not  
 42 provide unfair financial or other opportunistic advantages to any member of the  
 43 governance board, their family members, associates, or individual constituents."

44 **SECTION 2.**

45 Said chapter is further amended by adding new Code sections to read as follows:

46 "20-2-2073.

47 The State Board of Education shall establish a charter schools financial management  
 48 certification program for charter school leaders and personnel who are responsible for the  
 49 school's budget, accounting, payroll processing, purchasing, and ensuring the school's  
 50 financial policies are in line with state and federal laws and best practices.

51 20-2-2074.

52 The principal, or its equivalent, for a charter school shall not serve simultaneously as the  
 53 chief financial officer, or its equivalent, for the charter school."

54 **SECTION 3.**

55 Said chapter is further amended by striking the "and" at the end of paragraph (11) and by  
 56 revising paragraph (12) of subsection (b) and adding a new paragraph to subsection (b) of  
 57 Code Section 20-2-2083, relating to the powers and the duties of the State Charter Schools  
 58 Commission, as follows:

59       “(12) Provide for or approve initial training for boards of newly approved state charter  
60       schools and annual training thereafter, as determined by the commission, for members  
61       of state charter school governing boards. For charter schools that are college and career  
62       academies, as defined in subsection (b) of Code Section 20-4-37, the commission shall  
63       provide or approve such training in conjunction with the Technical College System of  
64       Georgia. The training shall include, but not be limited to, best practices on school  
65       governance, the constitutional and statutory requirements relating to public records and  
66       meetings, and the requirements of applicable statutes and rules and regulations. The  
67       training shall also include two to three hours annually regarding sound fiscal management  
68       and monitoring the implementation of the budget in accordance with state laws and  
69       regulations which includes the following elements:

70       (A) Board developed policies to ensure sound fiscal management, including but not  
71       limited to: balanced budget requirements, spending level authorizations and  
72       permissions, deficit spending restrictions, establishment of special funds, and reserve  
73       maintenance requirements;

74       (B) Holding the principal, or its equivalent, accountable for the implementation of the  
75       budget in a manner consistent with the school's strategic plan;

76       (C) Establishing through policy, the level of spending beyond the budget for which the  
77       school leader must seek board approval;

78       (D) Monitoring the school's audits, monthly financial reports, and additional financial  
79       reports needed to make informed decisions and to ensure execution of the budget in a  
80       manner consistent with the strategic plan and strategic goals of the school;

81       (E) Reviewing and addressing annually audited financial records and audit findings,  
82       with a goal of proactively preventing audit exceptions;

83       (F) Addressing fiscal matters in a manner consistent with state law, sound business  
84       practice, and ethical principles regarding conflicts of interest; and

85       (G) Operating in a manner such that the board's financial decisions and actions do not  
86       provide unfair financial or other opportunistic advantages to any member of the  
87       governance board, their family members, associates, or individual constituents; and

88       (13) Establish a charter schools financial management certification program for state  
89       charter school leaders and personnel who are responsible for the school's budget,  
90       accounting, payroll processing, purchasing, and ensuring the school's financial policies  
91       are in line with state and federal laws and best practices.”

92

#### SECTION 4.

93       Said chapter is further amended by adding a new subsection to Code Section 20-2-2084,  
94       relating to state charter school requirements, to read as follows:

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95 "(f.1) The principal, or its equivalent, for a state charter school shall not serve  
96 simultaneously as the chief financial officer, or its equivalent, for the state charter school."

97 **SECTION 5.**

98 All laws and parts of laws in conflict with this Act are repealed.