The 1995 legislature did formally rename what everyone knew were chartered schools from what they were called in the 1991 legislation "outcome-based schools" to "Results Oriented Charter Schools." (NOTE: The name Outcome-based schools had been adopted by the authors of the 1991 legislation in the hope that the name would garner more support from legislators.)

While the renaming was an important symbol, there were two significant policy statements in the 1995 legislation. First, a declaration of what charter schools were and how they fit into public education, and second, a declaration of what charter schools were not.

The law was amended to make clear that charter schools were public schools. "A charter school is a public school and is part of the state’s system of public education." That declaration was closely followed in statute by, "A charter school shall not be used as a method of providing education or generating revenue for students who are being home-schooled".

Over the years, these two policy statements have been important guideposts in public policy decisions and the screening of potential school developers.

The 1995 session also amended the charter law in the following ways:

- Raised the cap on the number of charter schools to 40 from the 1994 cap of 35.
- Expanded the institutions that could sponsor a school to include a community college, a state university, a technical college, and the University of Minnesota
- Required that charter school boards comply with the Open Meeting law
- Clarified that the granting or renewal of a charter by a sponsor could not be conditioned on the bargaining unit status of the employees of the charter school
- Clarified that if charter school employees had a bargaining unit, that it was separate from the sponsoring district’s bargaining unit — unless the school employees, the charter school board of directors, the exclusive representative of the sponsoring district, and the sponsoring district’s board all agreed to include the charter school employees in the sponsoring district’s bargaining unit.
• Defined charter school teachers as public school teachers for the state retirement program - (TRA – Teachers Retirement Association)

The 1995 legislation addressed one of the four issues facing charter schools that were identified in the 1994 House Research Department Report on Charter Schools. The law was amended to:

• Allow a charter school to provide student transportation itself to students who resided in the sponsoring district in which the charter school was located
• Provide a charter school that provided its own transportation funding for transportation as a traditional district
• Required charter schools to provide parents with information regarding transportation upon enrollment of the pupil
• Allow the charter school to reimburse parents 15 cents per mile, a limit of 250 miles per week, for students who lived outside of the district in which the school was located. NOTE: (The rate and mileage have not changed in 27 years.)
• Required charter schools that were going to use the sponsoring district’s transportation to notify the sponsoring district and state department of education by no later than July 1st.