

SS SCS SB 576 -- Charter Schools

SPONSOR: Stouffer (Richardson)

COMMITTEE ACTION: Voted "do pass" by the Committee on Elementary and Secondary Education by a vote of 13 to 5.

This substitute changes the laws regarding charter schools. In its main provisions, the substitute:

- (1) Authorizes the State Auditor to audit a charter school in the same manner as it may audit any state agency (Section 29.205, RSMo);
- (2) Allows, in addition to the St. Louis City and Kansas City School districts, a charter school to be operated in an unaccredited district; in a district accredited without provisions if it is sponsored by the local school board, except that no local school board with an enrollment of 1,550 students or more may enroll more than 35% of its students in charter schools which it sponsors; and in a provisionally accredited district after three full school years of provisional accreditation and annual performance report scores consistent with provisional accreditation or unaccredited status as of the 2012-2013 school year. If the provisional accreditation is based on financial stress or hardship, the State Board of Education within the Department of Elementary and Secondary Education must vote in the third year of provisional status to decide whether a charter may operate. The sponsor is limited to the local school board or a sponsor meeting specified accountability standards (Section 160.400.2);
- (3) Specifies that the special administrative board of the St. Louis City School District may sponsor charter schools as well as the special administrative board of the Kansas City school district if the state board appoints one. The requirement for a public four-year college or university to have its primary campus in the school district or in a county adjacent to the county in which the district is located is repealed. A community college whose service area encompasses some portion of the district may also be a sponsor. Currently, any private four-year college or university located in St. Louis City with an enrollment of at least 1,000 students and an approved teacher preparation program may be a sponsor. The requirement that the institution be located in St. Louis City is removed but its primary campus must be located in Missouri. Additional sponsors include any two-year private vocational or technical school, as specified in the substitute, and the Missouri Charter Public School Commission created by the substitute (Section 160.400.3);

(4) Requires a district whose accreditation status changes to maintain three full years of the higher status before the requirements of the charter school laws regarding the higher status will apply. In an unaccredited or provisionally accredited district where a charter school is sponsored by an entity other than the local school board, when the district becomes classified as accredited without provisions, a charter school may continue to be sponsored by the entity sponsoring it prior to the classification of accreditation. The school will not be limited to the local school board as a sponsor. Charter schools in Kansas City and St. Louis may be sponsored by any eligible entity, regardless of the district's accreditation classification. A charter school whose charter provides for the addition of grade levels may continue to add grade levels until the planned expansion is complete. The mayor of St. Louis City may request a two-year private vocational or technical school or the commission to sponsor a workplace charter school within the city (Sections 160.400.4 and 160.400.5);

(5) Specifies that when a charter school affiliates with a four-year institution, the institution will no longer be required to be located within the county in which school district lies or in an adjacent county. A school district or the state board, when acting as a sponsor, may have expenses associated with sponsorship defrayed. A sponsor receiving funds to defray expenses must submit annual reports to the Joint Committee on Education demonstrating compliance with specified requirements (Sections 160.400.10 and 160.400.11);

(6) Requires a sponsor to develop policies and procedures for the review of a proposal; granting of a charter; performance frameworks; intervention, renewal, revocation, and nonrenewal policies; additional criteria for oversight; and procedures to be used if the school closes. The department must provide guidance to sponsors in developing these procedures and policies (Section 160.400.16);

(7) Requires a sponsor to provide timely submission to the state board of all data necessary to demonstrate that it is in material compliance of specified requirements. Currently, the state board may suspend a sponsor for up to one year. The substitute changes the board's existing authority to require an evaluation every three years of certain sponsors for compliance with sponsorship standards. If a sponsor is in material noncompliance, it must be notified and given reasonable time to improve. If improvement does not occur, the Commissioner of Education must conduct a public hearing and recommend corrective action to the state board, which will have the final determination. If the state board removes sponsorship authority for any currently operating charter school, the commission will become the school's sponsor

(Section 160.400.17);

(8) Requires the department to establish an annual application and approval process for potential sponsors. All information and guidelines for eligible sponsors must be made available by November 1, 2012. Interested eligible sponsors must submit an application by February 1 which includes specified information. By April 1 of each year, the department must grant or deny authority to a sponsor applicant and execute a renewable sponsoring contract with each approved sponsor within 30 days. The term will be six years and is renewable (Section 160.403);

(9) Specifies that the charter will be a legally binding performance contract describing the obligations and responsibilities of the school and the sponsor. The term of a charter will be for five years, instead of the current term of not less than five but not greater than 10 years. Additional information that must be contained in a charter are specified. A charter school operating on August 27, 2012, will have until August 28, 2015, to meet the new requirements (Section 160.405.1);

(10) Requires a charter to be submitted to the sponsor and follow the sponsor's policies and procedures for review and granting of a charter approval. The charter must be consistent with the sponsor's charter sponsorship goals and capacity. The charter must be approved by the state board by December 1 of each year prior to the proposed opening date of the charter school. The definition of "high risk" student is changed to include more qualifying characteristics of behavior and situations outside school (Section 160.405.2);

(11) Repeals the provision requiring any disapproval of a charter to be subject to judicial review. A charter school with a local educational agency status must comply with all federal audit requirements. Currently, a charter school must collect baseline data during the first three years. This is revised to require the establishment of baseline student performance during the first year of operation and the collection of student performance data annually to monitor student academic performance based upon grade levels offered by the school. The performance standards for alternative and special purpose charter schools that target high-risk students must be based on measures defined in the school's performance contract with its sponsor (Section 160.405.4);

(12) Allows proposed or existing high risk or alternative charter schools to include alternative arrangements for students to obtain credits for satisfying graduation requirements in the charter application and charter. Alternative arrangements may

include credit for off-campus instruction, embedded credit, work experience, and independent studies. Upon approval of the charter by the state board, any alternative arrangements must be approved at that time (Section 160.405.5);

(13) Requires the sponsor, governing board, and charter school staff to jointly review the school's performance, management, and operations during the first year of operation and then every other year after the most recent review instead of at least once every two years. The option of a charter school to become a local educational agency for the sole purpose of direct access to federal grants is repealed, so the school may become an agency if the sponsor and the governing board reach a written agreement to become an agency. Sponsors must annually review compliance with statutory standards including statewide assessment participation, completion of the annual report card, baseline data collection, a method to measure pupil progress, and publication of the charter school's annual performance report (Sections 160.405.6 and 160.405.7);

(14) Requires a sponsor's intervention policies to give schools notice of contract violations or performance deficiencies and mandate intervention based upon specified findings of the state board. A sponsor must have a policy to revoke a charter upon evidence of underperformance or a violation of the law or the public trust that imperils students or public funds. Probationary status is limited to no more than 12 months, with no more than one designation of probationary status allowed for the duration of the charter contract. The provision is repealed that specifies that a sponsor's final decision to revoke a charter is subject to judicial review. The decision to revoke a charter may be appealed to the state board which must determine if the charter must be revoked (Section 160.405.8);

(15) Requires a sponsor to conduct a renewal process of charter schools based on objective evidence, including annual performance report results. Beginning August 1 during the year in which a charter is up for renewal, a sponsor must demonstrate to the state board that the charter school is in compliance with specified federal and state law and submit a revised charter application. If compliance is demonstrated, the state board must renew the charter (Section 160.405.9);

(16) Allows charter schools whose mission includes student drop-out prevention or recovery to enroll, upon timely application, nonresident pupils from the same or an adjacent county who reside in residential care facilities, transitional living group homes, or independent living programs whose last school of enrollment is in the school district where the charter school is established. Charter alternative and special purpose

schools may also give a preference for admission to high-risk students if the school targets these students through its mission, curriculum, teaching methods, and services. Charter schools may limit admission based on gender only if the school is a single-gender school. Students of a charter school who are present for the January membership count will be counted in the performance of the charter school on the statewide assessments in that calendar year, unless otherwise exempted as English language learners. If a charter school is operated by a management company, a copy of the contract must be made available for public inspection (Sections 160.410.1., 160.410.3, and 160.410.5);

(17) Specifies that if a student attending a charter school moves out of the school district, he or she may complete the current semester at the charter school and will be considered a resident student. If a change in school district boundary lines occurs so that a student no longer lives in the school district where the charter school is located or if the district where the charter school is located is dissolved or attached to another district, the student may complete the current academic year. The student's parent or legal guardian will be responsible for the student's transportation in either case. The provisions of the Foster Care Bill of Rights are applicable to charter schools (Sections 160.410.6 - 160.410.8);

(18) Specifies the requirements that must be included in a request for proposal if a proposed charter school intends to contract with an education services provider for substantial educational services, management services, or both (Section 160.415.7);

(19) Allows the department to withhold adequate funding during a charter school's last year of operation until the department determines that school records, liabilities, and reporting requirements, including a full audit, are satisfied (Section 160.415.12);

(20) Requires, by October 1, 2012, and each October 1 thereafter, the sponsor of each charter school to review information required by Section 162.821 to identify charter schools experiencing financial stress. Annually, the department must provide a list of these schools to the Governor, Speaker of the House of Representatives, and President Pro Tem of the Senate. Parameters for financial stress are specified in the substitute. By November 1, the sponsor must notify the governing board of a charter school if it is identified as experiencing financial stress, which then must develop and approve a budget and education plan to be submitted to the sponsor within 45 days. Minimum requirements for what must be included in the plan are specified. The sponsor may make suggestions to improve the plan.

The department may withhold any payment of financial aid until the charter school is in compliance with these requirements (Section 160.417);

(21) Requires, in addition to existing criminal background check requirements, a charter school to ensure that a Family Care Safety Registry check is conducted for employees. Several provisions which are identical to provisions contained in Section 160.415 are repealed (Section 160.420);

(22) Establishes the Missouri Charter Public School Commission with nine members appointed by the Governor with the advice and consent of the Senate. One member must be selected from a slate of three candidates recommended by the Commissioner of Education; one member selected from a slate of three candidates recommended by the Commissioner of Higher Education; one member selected from a slate of three recommended by the President Pro Tempore of the Senate; a member selected from a slate of three recommended by the Speaker of the House of Representatives; and five additional members appointed by the Governor, one of whom must be selected from a slate of three submitted by the Missouri School Boards Association. No more than five members can be of the same political party and no more than two members can be from the same Congressional district. Members will serve a term of four years. The operating procedures for the commission are specified (Sections 160.425.1 - 160.425.5); and

(23) Authorizes the commission to approve proposed charters for its sponsorship. The department must provide start-up funding for the commission to operate, which will be reimbursed from funds it receives as the sponsor of any charter school (Sections 160.425.6 - 160.425.10).

FISCAL NOTE: Estimated Net Cost on General Revenue Fund of Unknown - Could Exceed \$439,362 in FY 2013, Unknown - Could Exceed \$322,372 in FY 2014, and Unknown - Could Exceed \$324,684 in FY 2015. No impact on Other State Funds in FY 2013, FY 2014, and FY 2015.

PROPONENTS: Supporters say that the bill goes a long way toward supplying the necessary accountability for charter schools and their sponsors. The standards by which charter schools will be judged are put on a level with equivalent district-run schools.

Testifying for the bill were Senator Stouffer; Missouri Charter Public School Association; Lea Crusey, Students First; and Ronald Jackson and David Schesch, Focus St. Louis Charter School Task Force.

OPPONENTS: Those who oppose the bill say that it does not make

sense to expand charter schools before we determine that the additional accountability standards work.

Testifying against the bill were Missouri National Education Association; and American Federation of Teachers Missouri.

OTHERS: Others testifying on the bill say that the compromise reached on the enrollment cap represents the best efforts of several stakeholders to achieve something that everybody could live with.

Testifying on the bill were Missouri School Boards Association; Public School Retirement System; and Public Education Employee Retirement System.