

SECOND REGULAR SESSION

HOUSE BILL NO. 1869

97TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE STREAM.

5534L.02I

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 160.400, 160.405, and 160.417, RSMo, and to enact in lieu thereof four new sections relating to charter schools.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 160.400, 160.405, and 160.417, RSMo, are repealed and four new sections enacted in lieu thereof, to be known as sections 160.400, 160.405, 160.408, and 160.417, to read as follows:

- 160.400. 1. A charter school is an independent public school.
2. Except as further provided in subsection 4 of this section, charter schools may be operated only:
- (1) In a metropolitan school district;
 - (2) In an urban school district containing most or all of a city with a population greater than three hundred fifty thousand inhabitants;
 - (3) In a school district that has been declared unaccredited;
 - (4) In a school district that has been classified as provisionally accredited by the state board of education and has received scores on its annual performance report consistent with a classification of provisionally accredited or unaccredited for three consecutive school years beginning with the 2012-13 accreditation year under the following conditions:
 - (a) The eligibility for charter schools of any school district whose provisional accreditation is based in whole or in part on financial stress as defined in sections 161.520 to 161.529, or on financial hardship as defined by rule of the state board of education, shall be decided by a vote of the state board of education during the third consecutive school year after the designation of provisional accreditation; and

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 (b) The sponsor is limited to the local school board or a sponsor who has met the
18 standards of accountability and performance as determined by the department based on sections
19 160.400 to 160.425 and section 167.349 and properly promulgated rules of the department; or

20 (5) In a school district that has been accredited without provisions, sponsored only by
21 the local school board; provided that no board with a current year enrollment of one thousand
22 five hundred fifty students or greater shall permit more than thirty-five percent of its student
23 enrollment to enroll in charter schools sponsored by the local board under the authority of this
24 subdivision, except that this restriction shall not apply to any school district that subsequently
25 becomes eligible under subdivision (3) or (4) of this subsection or to any district accredited
26 without provisions that sponsors charter schools prior to having a current year student enrollment
27 of one thousand five hundred fifty students or greater.

28 3. Except as further provided in subsection 4 of this section, the following entities are
29 eligible to sponsor charter schools:

30 (1) The school board of the district in any district which is sponsoring a charter school
31 as of August 27, 2012, as permitted under subdivision (1) or (2) of subsection 2 of this section,
32 the special administrative board of a metropolitan school district during any time in which
33 powers granted to the district's board of education are vested in a special administrative board,
34 or if the state board of education appoints a special administrative board to retain the authority
35 granted to the board of education of an urban school district containing most or all of a city with
36 a population greater than three hundred fifty thousand inhabitants, the special administrative
37 board of such school district;

38 (2) A public four-year college or university with an approved teacher education program
39 that meets regional or national standards of accreditation;

40 (3) A community college, the service area of which encompasses some portion of the
41 district;

42 (4) Any private four-year college or university with an enrollment of at least one
43 thousand students, with its primary campus in Missouri, and with an approved teacher
44 preparation program;

45 (5) Any two-year private vocational or technical school designated as a 501(c)(3)
46 nonprofit organization under the Internal Revenue Code of 1986, as amended, which is a member
47 of the North Central Association and accredited by the Higher Learning Commission, with its
48 primary campus in Missouri; [or]

49 (6) The Missouri charter public school commission created in section 160.425;

50 (7) **The school board of a district that is accredited without provisions by the state**
51 **board of education, in a district classified as unaccredited by the state board of education;**

(8) A combination of school boards of districts that are accredited without provisions by the state board of education in collaboration, in a district classified as unaccredited by the state board of education; or

(9) A cooperative association of school districts, in a district classified as unaccredited by the state board of education.

4. Changes in a school district's accreditation status that affect charter schools shall be addressed as follows, except for the districts described in subdivisions (1) and (2) of subsection 2 of this section:

(1) As a district transitions from unaccredited to provisionally accredited, the district shall continue to fall under the requirements for an unaccredited district until it achieves three consecutive full school years of provisional accreditation;

(2) As a district transitions from provisionally accredited to full accreditation, the district shall continue to fall under the requirements for a provisionally accredited district until it achieves three consecutive full school years of full accreditation;

(3) In any school district classified as unaccredited or provisionally accredited where a charter school is operating and is sponsored by an entity other than the local school board, when the school 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 accredited without provisions and shall not be limited to the local school board as a sponsor.

A charter school operating in a school district identified in subdivision (1) or (2) of subsection 2 of this section may be sponsored by any of the entities identified in subsection 3 of this section, irrespective of the accreditation classification of the district in which it is located. A charter school in a district described in this subsection whose charter provides for the addition of grade levels in subsequent years may continue to add levels until the planned expansion is complete to the extent of grade levels in comparable schools of the district in which the charter school is operated.

5. The mayor of a city not within a county may request a sponsor under subdivision (2), (3), (4), (5), or (6) of subsection 3 of this section to consider sponsoring a "workplace charter school", which is defined for purposes of sections 160.400 to 160.425 as a charter school with the ability to target prospective students whose parent or parents are employed in a business district, as defined in the charter, which is located in the city.

6. No sponsor shall receive from an applicant for a charter school any fee of any type for the consideration of a charter, nor may a sponsor condition its consideration of a charter on the promise of future payment of any kind.

87 7. The charter school shall be organized as a Missouri nonprofit corporation incorporated
88 pursuant to chapter 355. The charter provided for herein shall constitute a contract between the
89 sponsor and the charter school.

90 8. As a nonprofit corporation incorporated pursuant to chapter 355, the charter school
91 shall select the method for election of officers pursuant to section 355.326 based on the class of
92 corporation selected. Meetings of the governing board of the charter school shall be subject to
93 the provisions of sections 610.010 to 610.030.

94 9. A sponsor of a charter school, its agents and employees are not liable for any acts or
95 omissions of a charter school that it sponsors, including acts or omissions relating to the charter
96 submitted by the charter school, the operation of the charter school and the performance of the
97 charter school.

98 10. A charter school may affiliate with a four-year college or university, including a
99 private college or university, or a community college as otherwise specified in subsection 3 of
100 this section when its charter is granted by a sponsor other than such college, university or
101 community college. Affiliation status recognizes a relationship between the charter school and
102 the college or university for purposes of teacher training and staff development, curriculum and
103 assessment development, use of physical facilities owned by or rented on behalf of the college
104 or university, and other similar purposes. A university, college or community college may not
105 charge or accept a fee for affiliation status.

106 11. The expenses associated with sponsorship of charter schools shall be defrayed by the
107 department of elementary and secondary education retaining one and five-tenths percent of the
108 amount of state and local funding allocated to the charter school under section 160.415, not to
109 exceed one hundred twenty-five thousand dollars, adjusted for inflation. The department of
110 elementary and secondary education shall remit the retained funds for each charter school to the
111 school's sponsor, provided the sponsor remains in good standing by fulfilling its sponsorship
112 obligations under sections 160.400 to 160.425 and 167.349 with regard to each charter school
113 it sponsors, including appropriate demonstration of the following:

114 (1) Expends no less than ninety percent of its charter school sponsorship funds in support
115 of its charter school sponsorship program, or as a direct investment in the sponsored schools;

116 (2) Maintains a comprehensive application process that follows fair procedures and
117 rigorous criteria and grants charters only to those developers who demonstrate strong capacity
118 for establishing and operating a quality charter school;

119 (3) Negotiates contracts with charter schools that clearly articulate the rights and
120 responsibilities of each party regarding school autonomy, expected outcomes, measures for
121 evaluating success or failure, performance consequences, and other material terms;

122 (4) Conducts contract oversight that evaluates performance, monitors compliance,
123 informs intervention and renewal decisions, and ensures autonomy provided under applicable
124 law; and

125 (5) Designs and implements a transparent and rigorous process that uses comprehensive
126 data to make merit-based renewal decisions.

127 12. Sponsors receiving funds under subsection 11 of this section shall be required to
128 submit annual reports to the joint committee on education demonstrating they are in compliance
129 with subsection 17 of this section.

130 13. No university, college or community college shall grant a charter to a nonprofit
131 corporation if an employee of the university, college or community college is a member of the
132 corporation's board of directors.

133 14. No sponsor shall grant a charter under sections 160.400 to 160.425 and 167.349
134 without ensuring that a criminal background check and family care safety registry check are
135 conducted for all members of the governing board of the charter schools or the incorporators of
136 the charter school if initial directors are not named in the articles of incorporation, nor shall a
137 sponsor renew a charter without ensuring a criminal background check and family care registry
138 check are conducted for each member of the governing board of the charter school.

139 15. No member of the governing board of a charter school shall hold any office or
140 employment from the board or the charter school while serving as a member, nor shall the
141 member have any substantial interest, as defined in section 105.450, in any entity employed by
142 or contracting with the board. No board member shall be an employee of a company that
143 provides substantial services to the charter school. All members of the governing board of the
144 charter school shall be considered decision-making public servants as defined in section 105.450
145 for the purposes of the financial disclosure requirements contained in sections 105.483, 105.485,
146 105.487, and 105.489.

147 16. A sponsor shall develop the policies and procedures for:

148 (1) The review of a charter school proposal including an application that provides
149 sufficient information for rigorous evaluation of the proposed charter and provides clear
150 documentation that the education program and academic program are aligned with the state
151 standards and grade-level expectations, and provides clear documentation of effective
152 governance and management structures, and a sustainable operational plan;

153 (2) The granting of a charter;

154 (3) The performance framework that the sponsor will use to evaluate the performance
155 of charter schools;

156 (4) The sponsor's intervention, renewal, and revocation policies, including the conditions
157 under which the charter sponsor may intervene in the operation of the charter school, along with

158 actions and consequences that may ensue, and the conditions for renewal of the charter at the end
159 of the term, consistent with subsections 8 and 9 of section 160.405;

160 (5) Additional criteria that the sponsor will use for ongoing oversight of the charter; and

161 (6) Procedures to be implemented if a charter school should close, consistent with the
162 provisions of subdivision (15) of subsection 1 of section 160.405.

163

164 [The department shall provide guidance to sponsors in developing such policies and procedures.]

165 17. (1) A sponsor shall provide timely submission to the state board of education of all
166 data necessary to demonstrate that the sponsor is in material compliance with all requirements
167 of sections 160.400 to 160.425 and section 167.349. The state board of education shall ensure
168 each sponsor is in compliance with all requirements under sections 160.400 to 160.425 and
169 167.349 for each charter school sponsored by any sponsor. The state board shall notify each
170 sponsor of the standards for sponsorship of charter schools, delineating both what is mandated
171 by statute and what best practices dictate. The state board shall evaluate sponsors to determine
172 compliance with these standards every three years. The evaluation shall include a sponsor's
173 policies and procedures in the areas of charter application approval; required charter agreement
174 terms and content; sponsor performance evaluation and compliance monitoring; and charter
175 renewal, intervention, and revocation decisions. Nothing shall preclude the department from
176 undertaking an evaluation at any time for cause.

177 (2) If the department determines that a sponsor is in material noncompliance with its
178 sponsorship duties, the sponsor shall be notified and given reasonable time for remediation. If
179 remediation does not address the compliance issues identified by the department, the
180 commissioner of education shall conduct a public hearing and thereafter provide notice to the
181 charter sponsor of corrective action that will be recommended to the state board of education.
182 Corrective action by the department may include withholding the sponsor's funding and
183 suspending the sponsor's authority to sponsor a school that it currently sponsors or to sponsor any
184 additional school until the sponsor is reauthorized by the state board of education under section
185 160.403.

186 (3) The charter sponsor may, within thirty days of receipt of the notice of the
187 commissioner's recommendation, provide a written statement and other documentation to show
188 cause as to why that action should not be taken. Final determination of corrective action shall
189 be determined by the state board of education based upon a review of the documentation
190 submitted to the department and the charter sponsor.

191 (4) If the state board removes the authority to sponsor a currently operating charter
192 school under any provision of law, the Missouri charter public school commission shall become
193 the sponsor of the school.

160.405. 1. A person, group or organization seeking to establish a charter school shall submit the proposed charter, as provided in this section, to a sponsor. If the sponsor is not a school board, the applicant shall give a copy of its application to the school board of the district in which the charter school is to be located and to the state board of education, within five business days of the date the application is filed with the proposed sponsor. The school board may file objections with the proposed sponsor, and, if a charter is granted, the school board may file objections with the state board of education. The charter shall [be] **include** a legally binding performance contract that describes the obligations and responsibilities of the school and the sponsor as outlined in sections 160.400 to 160.425 and section 167.349 and shall [also include] **address the following:**

- (1) A mission and vision statement for the charter school;
- (2) A description of the charter school's organizational structure and bylaws of the governing body, which will be responsible for the policy, financial management, and operational decisions of the charter school, including the nature and extent of parental, professional educator, and community involvement in the governance and operation of the charter school;
- (3) A financial plan for the first three years of operation of the charter school including provisions for annual audits;
- (4) A description of the charter school's policy for securing personnel services, its personnel policies, personnel qualifications, and professional development plan;
- (5) A description of the grades or ages of students being served;
- (6) The school's calendar of operation, which shall include at least the equivalent of a full school term as defined in section 160.011;
- (7) A description of the charter school's pupil performance standards and academic program performance standards, which shall meet the requirements of subdivision (6) of subsection 4 of this section. The charter school program shall be designed to enable each pupil to achieve such standards and shall contain a complete set of indicators, measures, metrics, and targets for academic program performance, including specific goals on graduation rates and standardized test performance and academic growth;
- (8) A description of the charter school's educational program and curriculum;
- (9) The term of the charter, which shall be five years and shall be renewable;
- (10) Procedures, consistent with the Missouri financial accounting manual, for monitoring the financial accountability of the charter, which shall meet the requirements of subdivision (4) of subsection 4 of this section;
- (11) Preopening requirements for applications that require that charter schools meet all health, safety, and other legal requirements prior to opening;

36 (12) A description of the charter school's policies on student discipline and student
37 admission, which shall include a statement, where applicable, of the validity of attendance of
38 students who do not reside in the district but who may be eligible to attend under the terms of
39 judicial settlements and procedures that ensure admission of students with disabilities in a
40 nondiscriminatory manner;

41 (13) A description of the charter school's grievance procedure for parents or guardians;

42 (14) A description of the agreement between the charter school and the sponsor as to
43 when a sponsor shall intervene in a charter school, when a sponsor shall revoke a charter for
44 failure to comply with subsection 8 of this section, and when a sponsor will not renew a charter
45 under subsection 9 of this section;

46 (15) Procedures to be implemented if the charter school should close, as provided in
47 subdivision (6) of subsection 16 of section 160.400 including:

48 (a) Orderly transition of student records to new schools and archival of student records;

49 (b) Archival of business operation and transfer or repository of personnel records;

50 (c) Submission of final financial reports;

51 (d) Resolution of any remaining financial obligations; and

52 (e) Disposition of the charter school's assets upon closure;

53 (f) A notification plan to inform parents or guardians of students, the local school
54 district, the retirement system in which the charter school's employees participate, and the state
55 board of education within thirty days of the decision to close;

56 (16) A description of the special education and related services that shall be available
57 to meet the needs of students with disabilities; and

58 (17) For all new or revised charters, procedures to be used upon closure of the charter
59 school requiring that unobligated assets of the charter school be returned to the department of
60 elementary and secondary education for their disposition, which upon receipt of such assets shall
61 return them to the local school district in which the school was located, the state, or any other
62 entity to which they would belong.

63

64 Charter schools operating on August 27, 2012, shall have until August 28, 2015, to meet the
65 requirements of this subsection.

66 2. Proposed charters shall be subject to the following requirements:

67 (1) A charter shall be submitted to the sponsor, and follow the sponsor's policies and
68 procedures for review and granting of a charter approval, and be approved by the state board of
69 education by [December first] **January thirty-first** of the year [prior to] **that is** the proposed
70 opening date of the charter school;

71 (2) A charter may be approved when the sponsor determines that the requirements of this
72 section are met, determines that the applicant is sufficiently qualified to operate a charter school,
73 and that the proposed charter is consistent with the sponsor's charter sponsorship goals and
74 capacity. The sponsor's decision of approval or denial shall be made within ninety days of the
75 filing of the proposed charter;

76 (3) If the charter is denied, the proposed sponsor shall notify the applicant in writing as
77 to the reasons for its denial and forward a copy to the state board of education within five
78 business days following the denial;

79 (4) If a proposed charter is denied by a sponsor, the proposed charter may be submitted
80 to the state board of education, along with the sponsor's written reasons for its denial. If the state
81 board determines that the applicant meets the requirements of this section, that the applicant is
82 sufficiently qualified to operate the charter school, and that granting a charter to the applicant
83 would be likely to provide educational benefit to the children of the district, the state board may
84 grant a charter and act as sponsor of the charter school. The state board shall review the
85 proposed charter and make a determination of whether to deny or grant the proposed charter
86 within sixty days of receipt of the proposed charter, provided that any charter to be considered
87 by the state board of education under this subdivision shall be submitted no later than March first
88 prior to the school year in which the charter school intends to begin operations. The state board
89 of education shall notify the applicant in writing as the reasons for its denial, if applicable; and

90 (5) The sponsor of a charter school shall give priority to charter school applicants that
91 propose a school oriented to high-risk students and to the reentry of dropouts into the school
92 system. If a sponsor grants three or more charters, at least one-third of the charters granted by
93 the sponsor shall be to schools that actively recruit dropouts or high-risk students as their student
94 body and address the needs of dropouts or high-risk students through their proposed mission,
95 curriculum, teaching methods, and services. For purposes of this subsection, a "high-risk"
96 student is one who is at least one year behind in satisfactory completion of course work or
97 obtaining high school credits for graduation, has dropped out of school, is at risk of dropping out
98 of school, needs drug and alcohol treatment, has severe behavioral problems, has been suspended
99 from school three or more times, has a history of severe truancy, is a pregnant or parenting teen,
100 has been referred for enrollment by the judicial system, is exiting incarceration, is a refugee, is
101 homeless or has been homeless sometime within the preceding six months, has been referred by
102 an area school district for enrollment in an alternative program, or qualifies as high risk under
103 department of elementary and secondary education guidelines. "Dropout" shall be defined
104 through the guidelines of the school core data report. The provisions of this subsection do not
105 apply to charters sponsored by the state board of education.

3. If a charter is approved by a sponsor, the charter application shall be submitted to the state board of education, along with a statement of finding **by the sponsor** that the application meets the requirements of sections 160.400 to 160.425 and section 167.349 and a monitoring plan under which the charter sponsor shall evaluate the academic performance of students enrolled in the charter school. The state board of education [may, within] **has** sixty days[, disapprove the granting of the charter.] **from receipt of the charter application to renew the application. Any charter application received by the state board of education on or before November fifteenth of the year prior to the proposed opening of the charter school shall be considered by the state board of education within the sixty-day period. At the conclusion of the sixty-day period, the charter application shall be deemed approved unless** the state board of education [may disapprove a] **disapproves the** charter on grounds that the application fails to meet the requirements of sections 160.400 to 160.425 and section 167.349 or that a charter sponsor previously failed to meet the statutory responsibilities of a charter sponsor. **Any disapproval of a charter application made by the state board of education shall be in writing and shall identify the specific failures of the application to meet the requirements of sections 160.400 to 160.425 and section 167.349, and the written disapproval shall be provided within five business days to the sponsor.**

4. A charter school shall, as provided in its charter:

(1) Be nonsectarian in its programs, admission policies, employment practices, and all other operations;

(2) Comply with laws and regulations of the state, county, or city relating to health, safety, and state minimum educational standards, as specified by the state board of education, including the requirements relating to student discipline under sections 160.261, 167.161, 167.164, and 167.171, notification of criminal conduct to law enforcement authorities under sections 167.115 to 167.117, academic assessment under section 160.518, transmittal of school records under section 167.020, the minimum number of school days and hours required under section 160.041, and the employee criminal history background check and the family care safety registry check under section 168.133;

(3) Except as provided in sections 160.400 to 160.425, be exempt from all laws and rules relating to schools, governing boards and school districts;

(4) Be financially accountable, use practices consistent with the Missouri financial accounting manual, provide for an annual audit by a certified public accountant, publish audit reports and annual financial reports as provided in chapter 165, provided that the annual financial report may be published on the department of elementary and secondary education's internet website in addition to other publishing requirements, and provide liability insurance to indemnify the school, its board, staff and teachers against tort claims. A charter school that receives local

142 educational agency status under subsection 6 of this section shall meet the requirements imposed
143 by the Elementary and Secondary Education Act for audits of such agencies and comply with all
144 federal audit requirements for charters with local education agency status. For purposes of an
145 audit by petition under section 29.230, a charter school shall be treated as a political subdivision
146 on the same terms and conditions as the school district in which it is located. For the purposes
147 of securing such insurance, a charter school shall be eligible for the Missouri public entity risk
148 management fund pursuant to section 537.700. A charter school that incurs debt shall include
149 a repayment plan in its financial plan;

150 (5) Provide a comprehensive program of instruction for at least one grade or age group
151 from kindergarten through grade twelve, which may include early childhood education if funding
152 for such programs is established by statute, as specified in its charter;

153 (6) (a) Design a method to measure pupil progress toward the pupil academic standards
154 adopted by the state board of education pursuant to section 160.514, establish baseline student
155 performance in accordance with the performance contract during the first year of operation,
156 collect student performance data as defined by the annual performance report throughout the
157 duration of the charter to annually monitor student academic performance, and to the extent
158 applicable based upon grade levels offered by the charter school, participate in the statewide
159 system of assessments, comprised of the essential skills tests and the nationally standardized
160 norm-referenced achievement tests, as designated by the state board pursuant to section 160.518,
161 complete and distribute an annual report card as prescribed in section 160.522, which shall also
162 include a statement that background checks have been completed on the charter school's board
163 members, report to its sponsor, the local school district, and the state board of education as to
164 its teaching methods and any educational innovations and the results thereof, and provide data
165 required for the study of charter schools pursuant to subsection 4 of section 160.410. No charter
166 school shall be considered in the Missouri school improvement program review of the district
167 in which it is located for the resource or process standards of the program.

168 (b) For proposed high risk or alternative charter schools, sponsors shall approve
169 performance measures based on mission, curriculum, teaching methods, and services. Sponsors
170 shall also approve comprehensive academic and behavioral measures to determine whether
171 students are meeting performance standards on a different time frame as specified in that school's
172 charter. Student performance shall be assessed comprehensively to determine whether a high
173 risk or alternative charter school has documented adequate student progress. Student
174 performance shall be based on sponsor-approved comprehensive measures as well as
175 standardized public school measures. Annual presentation of charter school report card data to
176 the department of elementary and secondary education, the state board, and the public shall
177 include comprehensive measures of student progress.

(c) Nothing in this subdivision shall be construed as permitting a charter school to be held to lower performance standards than other public schools within a district; however, the charter of a charter school may permit students to meet performance standards on a different time frame as specified in its charter. The performance standards for alternative and special purpose charter schools that target high-risk students as defined in subdivision (5) of subsection 2 of this section shall be based on measures defined in the school's performance contract with its sponsors;

(7) Comply with all applicable federal and state laws and regulations regarding students with disabilities, including sections 162.670 to 162.710, the Individuals with Disabilities Education Act (20 U.S.C. Section 1400) and Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794) or successor legislation;

(8) Provide along with any request for review by the state board of education the following:

(a) Documentation that the applicant has provided a copy of the application to the school board of the district in which the charter school is to be located, except in those circumstances where the school district is the sponsor of the charter school; and

(b) A statement outlining the reasons for approval or disapproval by the sponsor, specifically addressing the requirements of sections 160.400 to 160.425 and 167.349.

5. (1) Proposed or existing high-risk or alternative charter schools may include alternative arrangements for students to obtain credit for satisfying graduation requirements in the school's charter application and charter. Alternative arrangements may include, but not be limited to, credit for off-campus instruction, embedded credit, work experience through an internship arranged through the school, and independent studies. When the state board of education approves the charter, any such alternative arrangements shall be approved at such time.

(2) The department of elementary and secondary education shall conduct a study of any charter school granted alternative arrangements for students to obtain credit under this subsection after three years of operation to assess student performance, graduation rates, educational outcomes, and entry into the workforce or higher education.

6. The charter of a charter school may be amended at the request of the governing body of the charter school and on the approval of the sponsor. The sponsor and the governing board and staff of the charter school shall 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 or at any point where the operation or management of the charter school is changed or transferred to another entity, either public or private. The governing board of a charter school may amend the charter, if the sponsor approves such amendment, or the sponsor and the governing board may reach an agreement in writing to reflect the charter school's decision to

214 become a local educational agency. In such case the sponsor shall give the department of
215 elementary and secondary education written notice no later than March first of any year, with the
216 agreement to become effective July first. The department may waive the March first notice date
217 in its discretion. The department shall identify and furnish a list of its regulations that pertain
218 to local educational agencies to such schools within thirty days of receiving such notice.

219 7. Sponsors shall annually review the charter school's compliance with statutory
220 standards including:

221 (1) Participation in the statewide system of assessments, as designated by the state board
222 of education under section 160.518;

223 (2) Assurances for the completion and distribution of an annual report card as prescribed
224 in section 160.522;

225 (3) The collection of baseline data during the first three years of operation to determine
226 the longitudinal success of the charter school;

227 (4) A method to measure pupil progress toward the pupil academic standards adopted
228 by the state board of education under section 160.514; and

229 (5) Publication of each charter school's annual performance report.

230 8. (1) (a) A sponsor's intervention policies shall give schools clear, adequate,
231 evidence-based, and timely notice of contract violations or performance deficiencies and
232 mandate intervention based upon findings of the state board of education of the following:

233 a. The charter school provides a high school program which fails to maintain a
234 graduation rate of at least seventy percent in three of the last four school years unless the school
235 has dropout recovery as its mission;

236 b. The charter school's annual performance report results are below the district's annual
237 performance report results based on the performance standards that are applicable to the grade
238 level configuration of both the charter school and the district in which the charter school is
239 located in three of the last four school years; and

240 c. The charter school is identified as a persistently lowest achieving school by the
241 department of elementary and secondary education.

242 (b) A sponsor shall have a policy to revoke a charter during the charter term if there is:

243 a. Clear evidence of underperformance as demonstrated in the charter school's annual
244 performance report in three of the last four school years; or

245 b. A violation of the law or the public trust that imperils students or public funds.

246 (c) A sponsor shall revoke a charter or take other appropriate remedial action, which may
247 include placing the charter school on probationary status for no more than twelve months,
248 provided that no more than one designation of probationary status shall be allowed for the
249 duration of the charter contract, at any time if the charter school commits a serious breach of one

250 or more provisions of its charter or on any of the following grounds: failure to meet the
251 performance contract as set forth in its charter, failure to meet generally accepted standards of
252 fiscal management, failure to provide information necessary to confirm compliance with all
253 provisions of the charter and sections 160.400 to 160.425 and 167.349 within forty-five days
254 following receipt of written notice requesting such information, or violation of law.

255 (2) The sponsor may place the charter school on probationary status to allow the
256 implementation of a remedial plan, which may require a change of methodology, a change in
257 leadership, or both, after which, if such plan is unsuccessful, the charter may be revoked.

258 (3) At least sixty days before acting to revoke a charter, the sponsor shall notify the
259 governing board of the charter school of the proposed action in writing. The notice shall state
260 the grounds for the proposed action. The school's governing board may request in writing a
261 hearing before the sponsor within two weeks of receiving the notice.

262 (4) The sponsor of a charter school shall establish procedures to conduct administrative
263 hearings upon determination by the sponsor that grounds exist to revoke a charter. Final
264 decisions of a sponsor from hearings conducted pursuant to this subsection are subject to an
265 appeal to the state board of education, which shall determine whether the charter shall be
266 revoked.

267 (5) A termination shall be effective only at the conclusion of the school year, unless the
268 sponsor determines that continued operation of the school presents a clear and immediate threat
269 to the health and safety of the children.

270 (6) A charter sponsor shall make available the school accountability report card
271 information as provided under section 160.522 and the results of the academic monitoring
272 required under subsection 3 of this section.

273 9. (1) A sponsor shall take all reasonable steps necessary to confirm that each charter
274 school sponsored by such sponsor is in material compliance and remains in material compliance
275 with all material provisions of the charter and sections 160.400 to 160.425 and 167.349. Every
276 charter school shall provide all information necessary to confirm ongoing compliance with all
277 provisions of its charter and sections 160.400 to 160.425 and 167.349 in a timely manner to its
278 sponsor.

279 (2) The sponsor's renewal process of the charter school shall be based on the thorough
280 analysis of a comprehensive body of objective evidence and consider if:

281 (a) The charter school has maintained results on its annual performance report that meet
282 or exceed the district in which the charter school is located based on the performance standards
283 that are applicable to the grade-level configuration of both the charter school and the district in
284 which the charter school is located in three of the last four school years;

285 (b) The charter school is organizationally and fiscally viable determining at a minimum
286 that the school does not have:

287 a. A negative balance in its operating funds;

288 b. A combined balance of less than three percent of the amount expended for such funds
289 during the previous fiscal year; or

290 c. Expenditures that exceed receipts for the most recently completed fiscal year;

291 (c) The charter is in compliance with its legally binding performance contract and
292 sections 160.400 to 160.425 and section 167.349.

293 (3) (a) Beginning August first during the year in which a charter is considered for
294 renewal, a charter school sponsor shall demonstrate to the state board of education that the
295 charter school is in compliance with federal and state law as provided in sections 160.400 to
296 160.425 and section 167.349 and the school's performance contract including but not limited to
297 those requirements specific to academic performance.

298 (b) Along with data reflecting the academic performance standards indicated in
299 paragraph (a) of this subdivision, the sponsor shall submit a revised charter application to the
300 state board of education for review.

301 (c) Using the data requested and the revised charter application under paragraphs (a) and
302 (b) of this subdivision, the state board of education shall determine if compliance with all
303 standards enumerated in this subdivision has been achieved. The state board of education at its
304 next regularly scheduled meeting shall vote on the revised charter application.

305 (d) If a charter school sponsor demonstrates the objectives identified in this subdivision,
306 the state board of education shall renew the school's charter. **Any decision of the state board**
307 **of education not to renew a charter school's charter shall be based solely on the charter**
308 **application's failure to comply with this subdivision.**

309 10. A school district may enter into a lease with a charter school for physical facilities.

310 11. A governing board or a school district employee who has control over personnel
311 actions shall not take unlawful reprisal against another employee at the school district because
312 the employee is directly or indirectly involved in an application to establish a charter school. A
313 governing board or a school district employee shall not take unlawful reprisal against an
314 educational program of the school or the school district because an application to establish a
315 charter school proposes the conversion of all or a portion of the educational program to a charter
316 school. As used in this subsection, "unlawful reprisal" means an action that is taken by a
317 governing board or a school district employee as a direct result of a lawful application to
318 establish a charter school and that is adverse to another employee or an educational program.

319 12. Charter school board members shall be subject to the same liability for acts while
320 in office as if they were regularly and duly elected members of school boards in any other public

321 school district in this state. The governing board of a charter school may participate, to the same
322 extent as a school board, in the Missouri public entity risk management fund in the manner
323 provided under sections 537.700 to 537.756.

324 13. Any entity, either public or private, operating, administering, or otherwise managing
325 a charter school shall be considered a quasi-public governmental body and subject to the
326 provisions of sections 610.010 to 610.035.

327 14. The chief financial officer of a charter school shall maintain:

328 (1) A surety bond in an amount determined by the sponsor to be adequate based on the
329 cash flow of the school; or

330 (2) An insurance policy issued by an insurance company licensed to do business in
331 Missouri on all employees in the amount of five hundred thousand dollars or more that provides
332 coverage in the event of employee theft.

**160.408. 1. A high-quality charter school is a charter school operating in the state
2 of Missouri which meets the following requirements:**

3 **(1) Receives seventy-five percent or more of the total points on the annual**
4 **performance report for three out of the last four school years by comparing points earned**
5 **to the points possible on the annual performance report for three of the last four school**
6 **years;**

7 **(2) Maintains a graduation rate of at least eighty percent for three of the last four**
8 **school years, if the charter school provides a high school program;**

9 **(3) Is in material compliance with its legally binding performance contract and**
10 **sections 160.400 to 160.425 and section 167.349; and**

11 **(4) Is organizationally and fiscally viable as described in paragraph (b) of**
12 **subdivision (2) of subsection 9 of section 160.405.**

13 **2. A high-quality charter management organization is a charter management**
14 **organization operating in the state of Missouri or another state which meets one of the**
15 **following requirements:**

16 **(1) Manages a high-quality charter school as defined in subsection 1 of this section;**

17 **(2) Manages at least one charter school with a record of achieved results three of**
18 **the last four school years based on performance on statewide assessments, annual student**
19 **attendance and retention rates, and if applicable high school graduation rates, all of which**
20 **are above the statewide average for all schools; or**

21 **(3) Is a recipient of U.S. Department of Education Charter Schools Program Grant**
22 **for Replication and Expansion of High-Quality Charter Schools.**

23 **3. Notwithstanding any other provision of law, high quality charter schools and**
24 **high-quality charter management organizations shall be provided expedited opportunities**

25 to replicate and expand into unaccredited districts, a metropolitan district, or an urban
26 school district containing most or all of the home rule city with more than four hundred
27 thousand inhabitants and located in more than one county. Such replication and
28 expansion shall be subject to the following:

29 (1) The school or management organization seeking to replicate or expand shall
30 submit its proposed charter to a proposed sponsor. The charter shall include a legally
31 binding performance contract that meets the requirements of sections 160.400 to 160.425
32 and section 167.349;

33 (2) The sponsor's decision to approve or deny shall be made within sixty days of the
34 filing of the proposed charter with the proposed sponsor;

35 (3) If a charter is approved by a sponsor, the charter application shall be filed with
36 the state board of education, along with a statement of finding from the sponsor that the
37 application meets the requirements of sections 160.400 to 160.425 and section 167.349 and
38 a monitoring plan under which the sponsor shall evaluate the academic performance of
39 students enrolled in the charter school. Such filing shall be made by January thirty-first
40 of the year that is the proposed opening date of the charter school;

41 (4) If the charter is denied, the proposed sponsor shall notify the applicant in
42 writing as to the reasons for its denial and forward a copy to the state board of education
43 within five business days following the denial;

44 (5) If a proposed charter is denied by a sponsor, the proposed charter may be
45 submitted to the state board of education, along with the sponsor's written reasons for its
46 denial. If the state board determines that the applicant meets the requirements of this
47 section, that the applicant is sufficiently qualified to operate the charter school, and that
48 granting a charter to the applicant would likely provide educational benefit to the children
49 of the district, the state board may grant a charter and act as a sponsor of the charter
50 school. The state board shall review the proposed charter and make a determination of
51 whether to deny or grant the proposed charter within sixty days of receipt of the proposed
52 charter, provided that any charter to be considered by the state board of education under
53 this subdivision shall be submitted no later than March first prior to the school year in
54 which the charter school intends to begin operations. The state board of education shall
55 notify the applicant in writing as to the reasons for denial, if applicable.

56 4. The term of the charter for schools operating under this section shall be ten years
57 and shall be renewable. Renewal shall be subject to the provisions of paragraphs (a) to (d)
58 of subdivision (3) of subsection 9 of section 160.405.

160.417. 1. By October 1, 2012, and by each October first thereafter, the sponsor of each
2 charter school shall review the information submitted on the report required by section 162.821

3 to identify charter schools experiencing financial stress. The department of elementary and
4 secondary education shall be authorized to obtain such additional information from a charter
5 school as may be necessary to determine the financial condition of the charter school. Annually,
6 a listing of charter schools identified as experiencing financial stress according to the provisions
7 of this section shall be provided to the governor, speaker of the house of representatives, and
8 president pro tempore of the senate by the department of elementary and secondary education.

9 2. For the purposes of this section, a charter school shall be identified as experiencing
10 financial stress if it:

11 (1) At the end of its most recently completed fiscal year:

12 (a) Has a negative balance in its operating funds; or

13 (b) Has a combined balance of less than three percent of the amount expended from such
14 funds during the previous fiscal year; or

15 (2) For the most recently completed fiscal year expenditures, exceeded receipts for any
16 of its funds because of recurring costs.

17 3. The sponsor shall notify by November first the governing board of the charter school
18 identified as experiencing financial stress. Upon receiving the notification, the governing board
19 shall develop, or cause to have developed, and shall approve a budget and education plan on
20 forms provided by the sponsor. The budget and education plan shall be submitted to the sponsor,
21 signed by the officers of the charter school, within forty-five calendar days of notification that
22 the charter school has been identified as experiencing financial stress. Minimally, the budget and
23 education plan shall:

24 (1) Give assurances that adequate educational services to students of the charter school
25 shall continue uninterrupted for the remainder of the current school year and that the charter
26 school can provide the minimum number of school days and hours required by section 160.041;

27 (2) Outline a procedure to be followed by the charter school to report to charter school
28 patrons about the financial condition of the charter school; and

29 (3) Detail the expenditure reduction measures, revenue increases, or other actions to be
30 taken by the charter school to address its condition of financial stress.

31 4. Upon receipt and following review of any budget and education plan, the sponsor may
32 make suggestions to improve the plan. Nothing in sections 160.400 to 160.425 or section
33 167.349 shall exempt a charter school from submitting a budget and education plan to the
34 sponsor according to the provisions of this section following each such notification that a charter
35 school has been identified as experiencing financial stress, except that the sponsor may permit
36 a charter school's governing board to make amendments to or update a budget and education plan
37 previously submitted to the sponsor.

38 5. The department may withhold any payment of financial aid otherwise due to the
39 charter school until such time as the sponsor and the charter school have fully complied with this
40 section.

41 **6. The provisions of this section shall only apply to charter schools that have been**
42 **in operation for three or more school years.**

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