

FIRST REGULAR SESSION

HOUSE BILL NO. 226

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE BLACK.

0115H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal section 160.415, RSMo, and to enact in lieu thereof one new section relating to charter school funding.

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

Section A. Section 160.415, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 160.415, to read as follows:

160.415. 1. For the purposes of calculation and distribution of state school aid under section 163.031, pupils enrolled in a charter school shall be included in the pupil enrollment of the school district within which each pupil resides. Each charter school shall report the eligibility for free and reduced price lunch, special education, or limited English proficiency status, as well as eligibility for categorical aid, of pupils resident in a school district who are enrolled in the charter school to the school district in which those pupils reside. The charter school shall report the average daily attendance data, free and reduced price lunch count, special education pupil count, and limited English proficiency pupil count to the state department of elementary and secondary education. Each charter school shall promptly notify the state department of elementary and secondary education and the pupil's school district when a pupil discontinues enrollment at a charter school.

2. Except as provided in subsections 3 and 4 of this section, the aid payments for charter schools shall be as described in this subsection.

(1) A school district having one or more resident pupils attending a charter school shall pay to the charter school an annual amount equal to the product of the charter school's weighted average daily attendance and the state adequacy target, multiplied by the dollar value modifier for the district, plus local tax revenues per weighted average daily attendance

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.

18 from the incidental and teachers' funds in excess of the performance levy as defined in section
19 163.011 plus all other state aid attributable to such pupils.

20 (2) The district of residence of a pupil attending a charter school shall also pay to the
21 charter school any other federal or state aid that the district receives on account of such pupil.

22 (3) If the department overpays or underpays the amount due to the charter school,
23 such overpayment or underpayment shall be repaid by the charter school or credited to the
24 charter school in twelve equal payments in the next fiscal year.

25 (4) The amounts provided pursuant to this subsection shall be prorated for partial year
26 enrollment for a pupil.

27 (5) A school district shall pay the amounts due pursuant to this subsection as the
28 disbursal agent and no later than twenty days following the receipt of any such funds. The
29 department of elementary and secondary education shall pay the amounts due when it acts as
30 the disbursal agent within five days of the required due date.

31 3. A workplace charter school shall receive payment for each eligible pupil as
32 provided under subsection 2 of this section, except that if the pupil is not a resident of the
33 district and is participating in a voluntary interdistrict transfer program, the payment for such
34 pupils shall be the same as provided under section 162.1060.

35 4. A charter school that has declared itself as a local educational agency shall receive
36 from the department of elementary and secondary education an annual amount equal to the
37 product of the charter school's weighted average daily attendance and the state adequacy
38 target, multiplied by the dollar value modifier for the district, plus local tax revenues per
39 weighted average daily attendance from the incidental and teachers funds in excess of the
40 performance levy as defined in section 163.011 plus all other state aid attributable to such
41 pupils. If a charter school declares itself as a local educational agency, the department of
42 elementary and secondary education shall, upon notice of the declaration, reduce the payment
43 made to the school district by the amount specified in this subsection and pay directly to the
44 charter school the annual amount reduced from the school district's payment.

45 5. If a school district fails to make timely payments of any amount for which it is the
46 disbursal agent, the state department of elementary and secondary education shall authorize
47 payment to the charter school of the amount due pursuant to subsection 2 of this section and
48 shall deduct the same amount from the next state school aid apportionment to the owing
49 school district. If a charter school is paid more or less than the amounts due pursuant to this
50 section, the amount of overpayment or underpayment shall be adjusted equally in the next
51 twelve payments by the school district or the department of elementary and secondary
52 education, as appropriate. Any dispute between the school district and a charter school as to
53 the amount owing to the charter school shall be resolved by the department of elementary and
54 secondary education, and the department's decision shall be the final administrative action for

55 the purposes of review pursuant to chapter 536. During the period of dispute, the department
56 of elementary and secondary education shall make every administrative and statutory effort to
57 allow the continued education of students in their current charter school setting.

58 6. The charter school and a local school board may agree by contract for services to
59 be provided by the school district to the charter school. The charter school may contract with
60 any other entity for services. Such services may include but are not limited to food service,
61 custodial service, maintenance, management assistance, curriculum assistance, media
62 services and libraries and shall be subject to negotiation between the charter school and
63 the local school board or other entity. Documented actual costs of such services shall be paid
64 for by the charter school.

65 7. In the case of a proposed charter school that intends to contract with an education
66 service provider for substantial educational services or management services, the request for
67 proposals shall additionally require the charter school applicant to:

68 (1) Provide evidence of the education service provider's success in serving student
69 populations similar to the targeted population, including demonstrated academic achievement
70 as well as successful management of nonacademic school functions, if applicable;

71 (2) Provide a term sheet setting forth the proposed duration of the service contract;
72 roles and responsibilities of the governing board, the school staff, and the service provider;
73 scope of services and resources to be provided by the service provider; performance
74 evaluation measures and time lines; compensation structure, including clear identification of
75 all fees to be paid to the service provider; methods of contract oversight and enforcement;
76 investment disclosure; and conditions for renewal and termination of the contract;

77 (3) Disclose any known conflicts of interest between the school governing board and
78 proposed service provider or any affiliated business entities;

79 (4) Disclose and explain any termination or nonrenewal of contracts for equivalent
80 services for any other charter school in the United States within the past five years;

81 (5) Ensure that the legal counsel for the charter school shall report directly to the
82 charter school's governing board; and

83 (6) Provide a process to ensure that the expenditures that the education service
84 provider intends to bill to the charter school shall receive prior approval of the governing
85 board or its designee.

86 8. A charter school may enter into contracts with community partnerships and state
87 agencies acting in collaboration with such partnerships that provide services to students and
88 their families linked to the school.

89 9. A charter school shall be eligible for transportation state aid pursuant to section
90 163.161 and shall be free to contract with the local district, or any other entity, for the
91 provision of transportation to the students of the charter school.

92 10. (1) The proportionate share of state and federal resources generated by students
93 with disabilities or staff serving them shall be paid in full to charter schools enrolling those
94 students by their school district where such enrollment is through a contract for services
95 described in this section. The proportionate share of money generated under other federal or
96 state categorical aid programs shall be directed to charter schools serving such students
97 eligible for that aid.

98 (2) A charter school shall provide the special services provided pursuant to section
99 162.705 and may provide the special services pursuant to a contract with a school district or
100 any provider of such services.

101 11. A charter school shall not charge tuition or impose fees that a school district is
102 prohibited from charging or imposing, except that a charter school may receive tuition
103 payments from districts in the same or an adjoining county for nonresident students who
104 transfer to an approved charter school, as defined in section 167.895, from an unaccredited
105 district.

106 12. A charter school is authorized to incur debt in anticipation of receipt of funds. A
107 charter school may also borrow to finance facilities and other capital items. A school district
108 may incur bonded indebtedness or take other measures to provide for physical facilities and
109 other capital items for charter schools that it sponsors or contracts with. Except as otherwise
110 specifically provided in sections 160.400 to 160.425, upon the dissolution of a charter school,
111 any liabilities of the corporation will be satisfied through the procedures of chapter 355. A
112 charter school shall satisfy all its financial obligations within twelve months of notice from
113 the sponsor of the charter school's closure under subsection 8 of section 160.405. After
114 satisfaction of all its financial obligations, a charter school shall return any remaining state
115 and federal funds to the department of elementary and secondary education for disposition as
116 stated in subdivision (17) of subsection 1 of section 160.405. The department of elementary
117 and secondary education may withhold funding at a level the department determines to be
118 adequate during a school's last year of operation until the department determines that school
119 records, liabilities, and reporting requirements, including a full audit, are satisfied.

120 13. Charter schools shall not have the power to acquire property by eminent domain.

121 14. The governing board of a charter school is authorized to accept grants, gifts or
122 donations of any kind and to expend or use such grants, gifts or donations. A grant, gift or
123 donation shall not be accepted by the governing board if it is subject to any condition contrary
124 to law applicable to the charter school or other public schools, or contrary to the terms of the
125 charter.

126 15. **(1)** In addition to any state aid remitted to charter schools under this section, the
127 department of elementary and secondary education shall remit to any charter school an

128 amount equal to the weighted average daily attendance of the charter school multiplied by the
129 difference of:

130 ~~[(1)]~~ (a) The amount of state aid and local aid per weighted average daily attendance
131 received by the school district in which the charter school is located, not including any funds
132 remitted to charter schools in the district. For the purposes of this subdivision, the weighted
133 average daily attendance of the school district shall not include the weighted average daily
134 attendance of the charter schools located in the district; and

135 ~~[(2)]~~ (b) The amount of state aid and local aid per weighted average daily attendance
136 of the charter school received by the charter school.

137 **(2) Beginning in the 2023-24 school year and for all subsequent school years:**

138 **(a) Subdivision (1) of this subsection shall apply in the fiscal year immediately**
139 **subsequent to any fiscal year in which the amount appropriated for pupil transportation**
140 **under section 163.161 equals the highest percentage of the allowable costs of providing**
141 **pupil transportation services authorized under section 163.161 in the preceding fiscal**
142 **year; and**

143 **(b) If the amount appropriated for pupil transportation under section 163.161 in**
144 **any succeeding fiscal year falls below such percentage described in paragraph (a) of this**
145 **subdivision, subdivision (1) of this subsection shall not apply in subsequent fiscal years**
146 **until the requirements described in paragraph (a) of this subdivision are met.**

147 16. Charter schools may adjust weighted average daily attendance pursuant to section
148 163.036.

149 17. When calculating the amounts in subdivisions (1) and (2) of subsection 15 of this
150 section, the department shall utilize the most current data to which the department has access.

151 18. For the purposes of subsection 15 of this section:

152 (1) The definitions contained in section 163.011, shall apply;

153 (2) The term "local aid" shall mean all local and county revenue received, including,
154 but not limited to, the following:

155 (a) Property taxes and delinquent taxes;

156 (b) Merchants' and manufacturers' tax revenues;

157 (c) Financial institutions' tax revenues;

158 (d) City sales tax revenue, including city sales tax collected in any city not within a
159 county;

160 (e) Payments in lieu of taxes; and

161 (f) Revenues from state-assessed railroad and utilities tax;

162 (3) The term local aid shall not be construed to include:

163 (a) Charitable contributions, gifts, and grants made to school districts;

164 (b) Interest earnings of school districts and student fees paid to school districts;

165 (c) Debt service authorized by a public vote for the purpose of making payments on a
166 bond issuance of a school district;

167 (d) Proposition C revenues received for school purposes from the school district trust
168 fund under section 163.087; or

169 (e) Any other funding solely intended for a particular school district or their
170 respective employees, schools, foundations, or organizations;

171 (4) The term "state aid" shall mean any revenues received pursuant to this section and
172 sections 163.043 and 163.087.

173 19. Notwithstanding any other provision of law to the contrary, subsections 15 to 18
174 of this section shall be applicable to charter schools operated only:

175 (1) In a metropolitan school district;

176 (2) In an urban school district containing most or all of a city with more than four
177 hundred thousand inhabitants and located in more than one county;

178 (3) In a school district that has been classified as unaccredited by the state board of
179 education;

180 (4) In a school district that has been classified as provisionally accredited by the state
181 board of education and has received scores on its annual performance report consistent with a
182 classification of provisionally accredited or unaccredited for three consecutive school years
183 beginning with the 2012-13 accreditation year under the conditions described in paragraphs
184 (a) and (b) of subdivision (4) of subsection 2 of section 160.400; or

185 (5) In a school district that has been accredited without provisions, sponsored only by
186 the local school board under the conditions described in subdivision (5) of subsection 2 of
187 section 160.400.

188 20. (1) The members of the governing board of a charter school shall be residents of
189 the state of Missouri.

190 (2) Any current member of a governing board of a charter school who does not meet
191 the requirements in subdivision (1) of this subsection may complete their term. Such
192 individual shall not be renominated as a member of the governing board on which ~~he or she~~
193 **such member** sits.

194 21. Any charter school management company operating a charter school in the state
195 shall be a nonprofit corporation incorporated pursuant to chapter 355.

196 22. Beginning July 1, 2023, the provisions of section 160.995 shall be applicable to
197 charter schools.

198 23. Each charter school shall publish its annual performance report on the school's
199 website in a downloadable format.