FIRST REGULAR SESSION

HOUSE BILL NO. 1044

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE KEATHLEY.

JOSEPH ENGLER, Chief Clerk

AN ACT

To repeal sections 160.400, 160.405, 160.415, and 160.425, RSMo, and to enact in lieu thereof five 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Section A. Sections 160.400, 160.405, 160.415, and 160.425, RSMo, are repealed 2 and five new sections enacted in lieu thereof, to be known as sections 160.400, 160.405, 3 160.415, 160.422, and 160.425, to read as follows: 160.400. 1. A charter school is an independent public school. 2 2. [Except as further provided in subsection 4 of this section,] Charter schools [may] 3 are hereby authorized to be operated only: 4 (1) In a metropolitan school district; 5 (2) In an urban school district containing most or all of a city with a population greater than three hundred fifty thousand inhabitants; 6 7 (3) In a school district that has been classified as unaccredited by the state board of 8 education: 9 (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 10 classification of provisionally accredited or unaccredited for three consecutive school years 11 beginning with the 2012-13 accreditation year under the following conditions: 12 13 (a) The eligibility for charter schools of any school district whose provisional

14 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 15

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16 decided by a vote of the state board of education during the third consecutive school year after

17 the designation of provisional accreditation; and

18 (b) The sponsor is limited to the local school board or a sponsor who has met the 19 standards of accountability and performance as determined by the department based on 20 sections 160.400 to 160.425 and section 167.349 and properly promulgated rules of the 21 department;

(5) In a school district located within a county with more than one hundred fifty
 thousand but fewer than two hundred thousand inhabitants, provided that the provisions of
 subsections 15 to 18 of section 160.415 shall not apply to any charter school operated in such
 county; [or]

26 (6) In a school district that has been accredited without provisions, sponsored only by 27 the local school board; provided that no board with a current year enrollment of one thousand 28 five hundred fifty students or greater shall permit more than thirty-five percent of its student 29 enrollment to enroll in charter schools sponsored by the local board under the authority of this subdivision, except that this restriction shall not apply to any school district that subsequently 30 31 becomes eligible under subdivision (3) or (4) of this subsection or to any district accredited 32 without provisions that sponsors charter schools prior to having a current year student 33 enrollment of one thousand five hundred fifty students or greater;

34 (7) In a school district located within a county with a charter form of 35 government; or

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(8) In any municipality with more than thirty thousand inhabitants.

37 3. [Except as further provided in subsection 4 of this section,] The following entities 38 are eligible to sponsor charter schools:

39 (1) The school board of the district in any district which is sponsoring a charter school as of August 27, 2012, as permitted under subdivision (1) or (2) of subsection 2 of this 40 section, the special administrative board of a metropolitan school district during any time in 41 42 which powers granted to the district's board of education are vested in a special administrative 43 board, or if the state board of education appoints a special administrative board to retain the 44 authority granted to the board of education of an urban school district containing most or all of a city with a population greater than three hundred fifty thousand inhabitants, the special 45 administrative board of such school district; 46

47 (2) A public four-year college or university with an approved teacher education 48 program that meets regional or national standards of accreditation;

49 (3) A community college, the service area of which encompasses some portion of the50 district;

51 (4) Any private four-year college or university with an enrollment of at least one 52 thousand students, with its primary campus in Missouri, and with an approved teacher 53 preparation program;

54 (5) Any two-year private vocational or technical school designated as a 501(c)(3) 55 nonprofit organization under the Internal Revenue Code of 1986, as amended, and accredited 56 by the Higher Learning Commission, with its primary campus in Missouri;

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

58 [4. Changes in a school district's accreditation status that affect charter schools shall 59 be addressed as follows, except for the districts described in subdivisions (1) and (2) of 60 subsection 2 of this section:

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

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

67 (3) In any school district classified as unaccredited or provisionally accredited where 68 a charter school is operating and is sponsored by an entity other than the local school board, 69 when the school district becomes classified as accredited without provisions, a charter school 70 may continue to be sponsored by the entity sponsoring it prior to the classification of 71 accredited without provisions and shall not be limited to the local school board as a sponsor. 72

A charter school operating in a school district identified in subdivision (1), (2), or (5) of 73 subsection 2 of this section may be sponsored by any of the entities identified in subsection 3 74 75 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 76 the addition of grade levels in subsequent years may continue to add levels until the planned 77 expansion is complete to the extent of grade levels in comparable schools of the district in 78 79 which the charter school is operated. 80 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 81

82 charter school", which is defined for purposes of sections 160.400 to 160.425 as a charter

83 school with the ability to target prospective students whose parent or parents are employed in
 84 a business district, as defined in the charter, which is located in the city.

85 6.] **4.** No sponsor shall receive from an applicant for a charter school any fee of any 86 type for the consideration of a charter, nor may a sponsor condition its consideration of a 87 charter on the promise of future payment of any kind.

88 [7.] 5. The charter school shall be organized as a Missouri nonprofit corporation 89 incorporated pursuant to chapter 355. The charter provided for herein shall constitute a 90 contract between the sponsor and the charter school.

91 [8:] 6. As a nonprofit corporation incorporated pursuant to chapter 355, the charter 92 school shall select the method for election of officers pursuant to section 355.326 based on 93 the class of corporation selected. Meetings of the governing board of the charter school shall 94 be subject to the provisions of sections 610.010 to 610.030.

95 [9.] 7. A sponsor of a charter school, its agents and employees are not liable for any 96 acts or omissions of a charter school that it sponsors, including acts or omissions relating to 97 the charter submitted by the charter school, the operation of the charter school and the 98 performance of the charter school.

99 [10.] 8. A charter school may affiliate with a four-year college or university, including a private college or university, or a community college as otherwise specified in subsection 3 100 101 of this section when its charter is granted by a sponsor other than such college, university or 102 community college. Affiliation status recognizes a relationship between the charter school and the college or university for purposes of teacher training and staff development, 103 104 curriculum and assessment development, use of physical facilities owned by or rented on 105 behalf of the college or university, and other similar purposes. A university, college or 106 community college [may] shall not charge or accept a fee for affiliation status.

107 [11.] 9. The expenses associated with sponsorship of charter schools shall be defrayed 108 by the department of elementary and secondary education retaining one and five-tenths 109 percent of the amount of state and local funding allocated to the charter school under section 110 160.415, not to exceed one hundred twenty-five thousand dollars, adjusted for inflation. The 111 department of elementary and secondary education shall remit the retained funds for each 112 charter school to the school's sponsor, provided the sponsor remains in good standing by fulfilling its sponsorship obligations under sections 160.400 to 160.425 and 167.349 with 113 regard to each charter school it sponsors, including appropriate demonstration of the 114 115 following:

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

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

122 (3) Negotiates contracts with charter schools that clearly articulate the rights and 123 responsibilities of each party regarding school autonomy, expected outcomes, measures for 124 evaluating success or failure, performance consequences based on the annual performance 125 report, and other material terms;

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

129 (5) Designs and implements a transparent and rigorous process that uses 130 comprehensive data to make merit-based renewal decisions.

[12.] 10. Sponsors receiving funds under subsection [11] 9 of this section shall be
required to submit annual reports to the joint committee on education demonstrating they are
in compliance with subsection [17] 15 of this section.

134 [13.] 11. No university, college or community college shall grant a charter to a 135 nonprofit corporation if an employee of the university, college or community college is a 136 member of the corporation's board of directors.

137 [14.] 12. No sponsor shall grant a charter under sections 160.400 to 160.425 and 138 167.349 without ensuring that a criminal background check and family care safety registry 139 check are conducted for all members of the governing board of the charter schools or the 140 incorporators of the charter school if initial directors are not named in the articles of 141 incorporation, nor shall a sponsor renew a charter without ensuring a criminal background 142 check and family care safety registry check are conducted for each member of the governing 143 board of the charter school.

144 [15.] 13. No member of the governing board of a charter school shall hold any office 145 or employment from the board or the charter school while serving as a member, nor shall the 146 member have any substantial interest, as defined in section 105.450, in any entity employed 147 by or contracting with the board. No board member shall be an employee of a company that provides substantial services to the charter school. All members of the governing board of the 148 149 charter school shall be considered decision-making public servants as defined in section 150 105.450 for the purposes of the financial disclosure requirements contained in sections 151 105.483, 105.485, 105.487, and 105.489.

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[16.] 14. (1) A sponsor shall develop the policies and procedures for:

153 [(1)] (a) The review of a charter school proposal including an application that 154 provides sufficient information for rigorous evaluation of the proposed charter and provides 155 clear documentation that the education program and academic program are aligned with the 156 state standards and grade-level expectations, and provides clear documentation of effective 157 governance and management structures, and a sustainable operational plan;

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[(2)] (b) The granting of a charter;

159 [(3)] (c) The performance contract that the sponsor will use to evaluate the 160 performance of charter schools. Charter schools shall meet current state academic performance standards as well as other standards agreed upon by the sponsor and the charterschool in the performance contract;

163 [(4)] (d) The sponsor's intervention, renewal, and revocation policies, including the 164 conditions under which the charter sponsor may intervene in the operation of the charter 165 school, along with actions and consequences that may ensue, and the conditions for renewal 166 of the charter at the end of the term, consistent with subsections 8 and 9 of section 160.405; 167 [(5)] (e) Additional criteria that the sponsor will use for ongoing oversight of the

168 charter; and

169 [(6)] (f) Procedures to be implemented if a charter school should close, consistent 170 with the provisions of subdivision (15) of subsection 1 of section 160.405.

171 (2) The department shall provide guidance to sponsors in developing such policies 172 and procedures.

173 [17.] 15. (1) A sponsor shall provide timely submission to the state board of 174 education of all data necessary to demonstrate that the sponsor is in material compliance with 175 all requirements of sections 160.400 to 160.425 and section 167.349. The state board of 176 education shall ensure each sponsor is in compliance with all requirements under sections 177 160.400 to 160.425 and 167.349 for each charter school sponsored by any sponsor. The state 178 board shall notify each sponsor of the standards for sponsorship of charter schools, 179 delineating both what is mandated by statute and what best practices dictate. The state board 180 shall evaluate sponsors to determine compliance with these standards every three years. The 181 evaluation shall include a sponsor's policies and procedures in the areas of charter application 182 approval; required charter agreement terms and content; sponsor performance evaluation and 183 compliance monitoring; and charter renewal, intervention, and revocation decisions. Nothing 184 shall preclude the department from undertaking an evaluation at any time for cause.

185 (2) If the department determines that a sponsor is in material noncompliance with its 186 sponsorship duties, the sponsor shall be notified and given reasonable time for remediation. 187 If remediation does not address the compliance issues identified by the department, the 188 commissioner of education shall conduct a public hearing and thereafter provide notice to the 189 charter sponsor of corrective action that will be recommended to the state board of education. 190 Corrective action by the department may include withholding the sponsor's funding and 191 suspending the sponsor's authority to sponsor a school that it currently sponsors or to sponsor 192 any additional school until the sponsor is reauthorized by the state board of education under 193 section 160.403.

194 (3) The charter sponsor may, within thirty days of receipt of the notice of the 195 commissioner's recommendation, provide a written statement and other documentation to 196 show cause as to why that action should not be taken. Final determination of corrective

197 action shall be determined by the state board of education based upon a review of the 198 documentation submitted to the department and the charter sponsor.

(4) If the state board removes the authority to sponsor a currently operating charterschool under any provision of law, the Missouri charter public school commission shallbecome the sponsor of the school.

[18.] 16. If a sponsor notifies a charter school of closure under subsection 8 of section 160.405, the department of elementary and secondary education shall exercise its financial withholding authority under subsection 12 of section 160.415 to assure all obligations of the charter school shall be met. The state, charter sponsor, or resident district shall not be liable for any outstanding liability or obligations of the charter 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 2 3 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 4 5 five business days of the date the application is filed with the proposed sponsor. The school 6 board may file objections with the proposed sponsor, and, if a charter is granted, the school 7 board may file objections with the state board of education. The charter shall include a 8 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 9 10 shall address the following:

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(1) A mission and vision statement for the charter school;

12 (2) A description of the charter school's organizational structure and bylaws of the 13 governing body, which will be responsible for the policy, financial management, and 14 operational decisions of the charter school, including the nature and extent of parental, 15 professional educator, and community involvement in the governance and operation of the 16 charter school;

17 (3) A financial plan for the first three years of operation of the charter school 18 including provisions for annual audits;

(4) A description of the charter school's policy for securing personnel services, itspersonnel policies, personnel qualifications, and professional development plan;

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(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 afull 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, 28 metrics, and targets for academic program performance, including specific goals on29 graduation rates and standardized test performance and academic growth;

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(8) A description of the charter school's educational program and curriculum;

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(9) The term of the charter, which shall be five years and may be renewed;

32 (10) Procedures, consistent with the Missouri financial accounting manual, for 33 monitoring the financial accountability of the charter, which shall meet the requirements of 34 subdivision (4) of subsection 4 of this section;

(11) Preopening requirements for applications that require that charter schools meetall health, safety, and other legal requirements prior to opening;

37 (12) A description of the charter school's policies on student discipline and student 38 admission, which shall include a statement, where applicable, of the validity of attendance of 39 students who do not reside in the district but who may be eligible to attend under the terms of 40 judicial settlements and procedures that ensure admission of students with disabilities in a 41 nondiscriminatory manner;

42 (13) A description of the charter school's grievance procedure for parents or 43 guardians;

44 (14) A description of the agreement and time frame for implementation between the 45 charter school and the sponsor as to when a sponsor shall intervene in a charter school, when 46 a sponsor shall revoke a charter for failure to comply with subsection 8 of this section, and 47 when a sponsor will not renew a charter under subsection 9 of this section;

48 (15) Procedures to be implemented if the charter school should close, as provided in
49 paragraph (f) of subdivision [(6)] (1) of subsection [16] 14 of section 160.400 including:

50 (a) Orderly transition of student records to new schools and archival of student 51 records;

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

53 (c) Submission of final financial reports;

54 (d) Resolution of any remaining financial obligations;

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

56 (f) A notification plan to inform parents or guardians of students, the local school 57 district, the retirement system in which the charter school's employees participate, and the 58 state board of education within thirty days of the decision to close;

59 (16) A description of the special education and related services that shall be available 60 to meet the needs of students with disabilities; and

(17) For all new or revised charters, procedures to be used upon closure of the charter
 school requiring that unobligated assets of the charter school be returned to the department of
 elementary and secondary education for their disposition, which upon receipt of such assets

shall return them to the local school district in which the school was located, the state, or anyother entity to which they would belong.

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

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

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

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

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

82 (4) If a proposed charter is denied by a sponsor, the proposed charter may be 83 submitted to the state board of education, along with the sponsor's written reasons for its 84 denial. If the state board determines that the applicant meets the requirements of this section, 85 that the applicant is sufficiently qualified to operate the charter school, and that granting a charter to the applicant would be likely to provide educational benefit to the children of the 86 district, the state board may grant a charter and act as sponsor of the charter school. The state 87 88 board shall review the proposed charter and make a determination of whether to deny or grant 89 the proposed charter within sixty days of receipt of the proposed charter, provided that any 90 charter to be considered by the state board of education under this subdivision shall be 91 submitted no later than March first prior to the school year in which the charter school intends 92 to begin operations. The state board of education shall notify the applicant in writing as the 93 reasons for its denial, if applicable; and

94 (5) The sponsor of a charter school shall give priority to charter school applicants that 95 propose a school oriented to high-risk students and to the reentry of dropouts into the school 96 system. If a sponsor grants three or more charters, at least one-third of the charters granted by 97 the sponsor shall be to schools that actively recruit dropouts or high-risk students as their 98 student body and address the needs of dropouts or high-risk students through their proposed 99 mission, curriculum, teaching methods, and services. For purposes of this subsection, a 100 "high-risk" student is one who is at least one year behind in satisfactory completion of course

101 work or obtaining high school credits for graduation, has dropped out of school, is at risk of 102 dropping out of school, needs drug and alcohol treatment, has severe behavioral problems, 103 has been suspended from school three or more times, has a history of severe truancy, is a pregnant or parenting teen, has been referred for enrollment by the judicial system, is exiting 104 105 incarceration, is a refugee, is homeless or has been homeless sometime within the preceding 106 six months, has been referred by an area school district for enrollment in an alternative 107 program, or qualifies as high risk under department of elementary and secondary education 108 guidelines. Dropout shall be defined through the guidelines of the school core data report. 109 The provisions of this subsection do not apply to charters sponsored by the state board of 110 education.

111 3. If a charter is approved by a sponsor, the charter application shall be submitted to 112 the state board of education, along with a statement of finding by the sponsor that the 113 application meets the requirements of sections 160.400 to 160.425 and section 167.349 and a 114 monitoring plan under which the charter sponsor shall evaluate the academic performance, including annual performance reports, of students enrolled in the charter school. The state 115 116 board of education shall approve or deny a charter application within sixty days of receipt of 117 the application. The state board of education may deny a charter on grounds that the 118 application fails to meet the requirements of sections 160.400 to 160.425 and section 167.349 119 or that a charter sponsor previously failed to meet the statutory responsibilities of a charter 120 sponsor. Any denial of a charter application made by the state board of education shall be in 121 writing and shall identify the specific failures of the application to meet the requirements of 122 sections 160.400 to 160.425 and section 167.349, and the written denial shall be provided 123 within ten business days to the sponsor.

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

125 (1) Be nonsectarian in its programs, admission policies, employment practices, and 126 all other operations;

127 (2) Comply with laws and regulations of the state, county, or city relating to health, 128 safety, and state minimum educational standards, as specified by the state board of education, 129 including the requirements relating to student discipline under sections 160.261, 167.161, 130 167.164, and 167.171, notification of criminal conduct to law enforcement authorities under 131 sections 167.115 [to] and 167.117, academic assessment under section 160.518, transmittal of school records under section 167.020, the minimum amount of school time required under 132 133 section 171.031, and the employee criminal history background check and the family care 134 safety registry check under section 168.133;

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

138 (4) Be financially accountable, use practices consistent with the Missouri financial 139 accounting manual, provide for an annual audit by a certified public accountant, publish audit 140 reports and annual financial reports as provided in chapter 165, provided that the annual 141 financial report may be published on the department of elementary and secondary education's 142 internet website in addition to other publishing requirements, and provide liability insurance 143 to indemnify the school, its board, staff and teachers against tort claims. A charter school that 144 receives local educational agency status under subsection 6 of this section shall meet the 145 requirements imposed by the Elementary and Secondary Education Act for audits of such agencies and comply with all federal audit requirements for charters with local educational 146 147 agency status. For purposes of an audit by petition under section 29.230, a charter school 148 shall be treated as a political subdivision on the same terms and conditions as the school 149 district in which it is located. For the purposes of securing such insurance, a charter school shall be eligible for the Missouri public entity risk management fund pursuant to section 150 151 537.700. A charter school that incurs debt shall include a repayment plan in its financial plan; 152

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(5) Provide a comprehensive program of instruction for at least one grade or age group from early childhood through grade twelve, as specified in its charter;

154 (6) (a) Design a method to measure pupil progress toward the pupil academic 155 standards adopted by the state board of education pursuant to section 160.514, establish 156 baseline student performance in accordance with the performance contract during the first 157 year of operation, collect student performance data as defined by the annual performance 158 report throughout the duration of the charter to annually monitor student academic 159 performance, and to the extent applicable based upon grade levels offered by the charter school, participate in the statewide system of assessments, comprised of the essential skills 160 161 tests and the nationally standardized norm-referenced achievement tests, as designated by the 162 state board pursuant to section 160.518, complete and distribute an annual report card as 163 prescribed in section 160.522, which shall also include a statement that background checks 164 have been completed on the charter school's board members, and report to its sponsor, the 165 local school district, and the state board of education as to its teaching methods and any 166 educational innovations and the results thereof. No charter school shall be considered in the Missouri school improvement program review of the district in which it is located for the 167 168 resource or process standards of the program.

(b) For proposed high-risk or alternative charter schools, sponsors shall approve performance measures based on mission, curriculum, teaching methods, and services. Sponsors shall also approve comprehensive academic and behavioral measures to determine whether students are meeting performance standards on a different time frame as specified in that school's charter. Student performance shall be assessed comprehensively to determine whether a high-risk or alternative charter school has documented adequate student progress.

175 Student performance shall be based on sponsor-approved comprehensive measures as well as

standardized public school measures. Annual presentation of charter school report card data
to the department of elementary and secondary education, the state board, and the public shall
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;

186 (7) Comply with all applicable federal and state laws and regulations regarding 187 students with disabilities, including sections 162.670 to 162.710, the Individuals with 188 Disabilities Education Act (20 U.S.C. Section 1400 **et seq.**) and Section 504 of the 189 Rehabilitation Act of 1973 (29 U.S.C. Section 794) or successor legislation;

190 (8) Provide along with any request for review by the state board of education the 191 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 denial by the sponsor,specifically addressing the requirements of sections 160.400 to 160.425 and 167.349.

197 5. (1) Proposed or existing high-risk or alternative charter schools may include 198 alternative arrangements for students to obtain credit for satisfying graduation requirements in 199 the school's charter application and charter. Alternative arrangements may include, but not be 200 limited to, credit for off-campus instruction, embedded credit, work experience through an 201 internship arranged through the school, and independent studies. When the state board of 202 education approves the charter, any such alternative arrangements shall be approved at such 203 time.

(2) (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

212 the most recent review or at any point where the operation or management of the charter 213 school is changed or transferred to another entity, either public or private. The governing 214 board of a charter school may amend the charter, if the sponsor approves such amendment, or 215 the sponsor and the governing board may reach an agreement in writing to reflect the charter 216 school's decision to become a local educational agency. In such case the sponsor shall give 217 the department of elementary and secondary education written notice no later than March first 218 of any year, with the agreement to become effective July first. The department may waive the 219 March first notice date in its discretion. The department shall identify and furnish a list of its 220 regulations that pertain to local educational agencies to such schools within thirty days of 221 receiving such notice.

222 7. Sponsors shall annually review the charter school's compliance with statutory223 standards including:

(1) Participation in the statewide system of assessments, as designated by the stateboard of education under section 160.518;

226 (2) Assurances for the completion and distribution of an annual report card as 227 prescribed in section 160.522;

(3) The collection of baseline data during the first three years of operation todetermine the longitudinal success of the charter school;

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

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

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

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

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

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

245 (b) A sponsor shall have a policy to revoke a charter during the charter term if there 246 is:

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

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

250 (c) A sponsor shall revoke a charter or take other appropriate remedial action, which 251 may include placing the charter school on probationary status for no more than twenty-four 252 months, provided that no more than one designation of probationary status shall be allowed 253 for the duration of the charter contract, at any time if the charter school commits a serious 254 breach of one or more provisions of its charter or on any of the following grounds: failure to 255 meet the performance contract as set forth in its charter, failure to meet generally accepted 256 standards of fiscal management, failure to provide information necessary to confirm 257 compliance with all provisions of the charter and sections 160.400 to 160.425 and 167.349 258 within forty-five days following receipt of written notice requesting such information, or 259 violation of law.

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

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

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

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

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

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

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

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

290 (b) The charter school is organizationally and fiscally viable determining at a 291 minimum that the school does not have:

292

a. A negative balance in its operating funds;

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

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

296 (c) The charter is in compliance with its legally binding performance contract and 297 sections 160.400 to 160.425 and section 167.349; and

(d) The charter school has an annual performance report consistent with a classification of accredited for three of the last four years and is fiscally viable as described in paragraph (b) of this subdivision. If such is the case, the charter school may have an expedited renewal process as defined by rule of the department of elementary and secondary education.

303 (3) (a) Beginning August first during the year in which a charter is considered for 304 renewal, a charter school sponsor shall demonstrate to the state board of education that the 305 charter school is in compliance with federal and state law as provided in sections 160.400 to 306 160.425 and section 167.349 and the school's performance contract including but not limited 307 to those requirements specific to academic performance.

308 (b) Along with data reflecting the academic performance standards indicated in 309 paragraph (a) of this subdivision, the sponsor shall submit a revised charter application to the 310 state board of education for review.

311 (c) Using the data requested and the revised charter application under paragraphs (a) 312 and (b) of this subdivision, the state board of education shall determine if compliance with all 313 standards enumerated in this subdivision has been achieved. The state board of education at 314 its next regularly scheduled meeting shall vote on the revised charter application.

315 (d) If a charter school sponsor demonstrates the objectives identified in this 316 subdivision, the state board of education shall renew the school's charter.

317 10. A school district may enter into a lease with a charter school for physical 318 facilities.

319 11. A governing board or a school district employee who has control over personnel
320 actions shall not take unlawful reprisal against another employee at the school district because
321 the employee is directly or indirectly involved in an application to establish a charter school.
322 A governing board or a school district employee shall not take unlawful reprisal against an

323 educational program of the school or the school district because an application to establish a 324 charter school proposes the conversion of all or a portion of the educational program to a 325 charter school. As used in this subsection, "unlawful reprisal" means an action that is taken 326 by a governing board or a school district employee as a direct result of a lawful application to 327 establish a charter school and that is adverse to another employee or an educational program.

12. Charter school board members shall be subject to the same liability for acts while in office as if they were regularly and duly elected members of school boards in any other public school district in this state. The governing board of a charter school may participate, to the same extent as a school board, in the Missouri public entity risk management fund in the manner provided under sections 537.700 to 537.756.

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

336

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

337 (1) A surety bond in an amount determined by the sponsor to be adequate based on338 the cash flow of the school; or

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

342 15. The department of elementary and secondary education shall calculate an annual 343 performance report for each charter school and shall publish it in the same manner as annual 344 performance reports are calculated and published for districts and attendance centers.

345 16. The joint committee on education shall create a committee to investigate facility 346 access and affordability for charter schools. The committee shall be comprised of equal 347 numbers of the charter school sector and the public school sector and shall report its findings 348 to the general assembly by December 31, 2016.

160.415. 1. For the purposes of calculation and distribution of state school aid under 2 section 163.031, pupils enrolled in a charter school shall be included in the pupil enrollment 3 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 4 5 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 6 7 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 8 9 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 10 district when a pupil discontinues enrollment at a charter school. 11

12 2. Except as provided in subsections 3 and 4 of this section, the aid payments for 13 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 from the incidental and teachers' funds in excess of the performance levy as defined in section 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.

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

(4) The amounts provided pursuant to this subsection shall be prorated for partial yearenrollment for a pupil.

(5) A school district shall pay the amounts due pursuant to this subsection as the disbursal agent and no later than twenty days following the receipt of any such funds. The department of elementary and secondary education shall pay the amounts due when it acts as 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 from the department of elementary and secondary education an annual amount equal to the 36 37 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 38 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 pupils. If a charter school declares itself as a local educational agency, the department of 41 elementary and secondary education shall, upon notice of the declaration, reduce the payment 42 made to the school district by the amount specified in this subsection and pay directly to the 43 44 charter school the annual amount reduced from the school district's payment.

5. If a school district fails to make timely payments of any amount for which it is the disbursal agent, the state department of elementary and secondary education shall authorize payment to the charter school of the amount due pursuant to subsection 2 of this section and 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 section, the amount of overpayment or underpayment shall be adjusted equally in the next 50 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.

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

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

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

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

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

(4) Disclose and explain any termination or nonrenewal of contracts for equivalentservices 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

(6) Provide a process to ensure that the expenditures that the education service
provider intends to bill to the charter school shall receive prior approval of the governing
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.

9. A charter school shall be eligible for transportation state aid pursuant to section
163.161 and shall be free to contract with the local district, or any other entity, for the
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 and secondary education may withhold funding at a level the department determines to be 117 118 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. 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:

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

(2) The amount of state aid and local aid per weighted average daily attendance of thecharter school received by the charter school.

137 16. Charter schools may adjust weighted average daily attendance pursuant to section138 163.036.

139 17. When calculating the amounts in subdivisions (1) and (2) of subsection 15 of this140 section, the department shall utilize the most current data to which the department has access.

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

142

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

143 (2) The term "local aid" shall mean all local and county revenue received, including,144 but not limited to, the following:

- 145 (a) Property taxes and delinquent taxes;
- 146 (b) Merchants' and manufacturers' tax revenues;
- 147 (c) Financial institutions' tax revenues;
- 148 (d) City sales tax revenue, including city sales tax collected in any city not within a

149 county;

- 150 (e) Payments in lieu of taxes; and
- 151 (f) Revenues from state-assessed railroad and utilities tax;
- 152 (3) The term local aid shall not be construed to include:
- 153 (a) Charitable contributions, gifts, and grants made to school districts;
- 154 (b) Interest earnings of school districts and student fees paid to school districts;
- 155 (c) Debt service authorized by a public vote for the purpose of making payments on a 156 bond issuance of a school district;

157 (d) Proposition C revenues received for school purposes from the school district trust 158 fund under section 163.087; or

159 (e) Any other funding solely intended for a particular school district or their 160 respective employees, schools, foundations, or organizations;

161 (4) The term "state aid" shall mean any revenues received pursuant to this section and 162 sections 163.043 and 163.087.

163 19. [Notwithstanding any other provision of law to the contrary, subsections 15 to 18 164 of this section shall be applicable to charter schools operated only in the following school 165 districts, provided that no such school district shall be located in a county with more than one 166 hundred fifty thousand but fewer than two hundred thousand inhabitants:

167 (1) In a metropolitan school district;

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

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

172 (4) In a school district that has been classified as provisionally accredited by the state

173 board of education and has received scores on its annual performance report consistent with a

174 classification of provisionally accredited or unaccredited for three consecutive school years

175 beginning with the 2012-13 accreditation year under the conditions described in paragraphs

176 (a) and (b) of subdivision (4) of subsection 2 of section 160.400; or

177 (5) In a school district that has been accredited without provisions, sponsored only by
178 the local school board under the conditions described in subdivision (6) of subsection 2 of
179 section 160.400.

180 20.] (1) The members of the governing board of a charter school shall be residents of 181 the state of Missouri.

182 (2) Any current member of a governing board of a charter school who does not meet 183 the requirements in subdivision (1) of this subsection may complete their term. Such 184 individual shall not be renominated as a member of the governing board on which he or she 185 sits.

186 [21.] 20. (1) Any charter school management company operating a charter school in
187 the state shall be a nonprofit corporation incorporated pursuant to chapter 355.

188 (2) Notwithstanding any provision of law to the contrary, if a charter school is 189 operated by a charter school management company, all laws and regulations that apply to 190 employees of such charter school shall apply to the actions of any employees of the 191 management company while they are conducting any work relating to the direct decision-192 making of the operation of such charter school.

193 [22.] 21. Beginning July 1, 2023, the provisions of section 160.995 shall be 194 applicable to charter schools.

195 [23.] 22. Each charter school shall publish its annual performance report on the 196 school's website in a downloadable format.

160.422. 1. Any city not within a county shall not adopt, enforce, impose, or administer an ordinance, local policy, or local resolution that prohibits property sold, 2 leased, or transferred by the city not within a county from being used for any lawful 3 4 educational purpose by a charter school.

5 2. Any city not within a county shall not impose, enforce, or apply any deed restriction that expressly, or by its operation, prohibits property sold, leased, or 6 transferred by the city not within a county from being used for any lawful educational 7 purpose by a charter school. Any deed restriction or affirmative-use deed restriction 8 9 that affirmatively allows for only one or more specified uses or purposes that do not include any educational use or purpose is prohibited under this section. Any deed 10 restriction or affirmative-use deed restriction in effect on the effective date of this 11 12 section that prohibits or does not permit property previously used for any educational purpose from being used for any future educational purpose is void. 13

14 3. If any city not within a county offers property of the city not within a county 15 for sale, lease, or rent, the city not within a county shall not refuse to sell, lease, or rent 16 the property to a charter school solely because the charter school intends to use the property for an educational purpose, if the intent of the charter school is to use the 17 18 property for a lawful educational purpose. If the city not within a county offers property of the city not within a county for sale, lease, or rent, the city not within a 19 20 county is not required to sell, lease, or rent the property to a charter school solely 21 because the charter school intends to use the property for an educational purpose.

22

4. Any ordinance, policy, regulation, deed, or contract made in violation of this 23 section shall be void from its inception.

160.425. 1. The "Missouri Charter Public School Commission" is hereby created with the authority to sponsor high quality charter schools throughout the state of Missouri. 2

3 2. The commission shall consist of nine members appointed by the governor, by and 4 with the advice and consent of the senate. No more than five of the members shall be of the same political party. No more than two members shall be from the same congressional 5 6 district. The term of office of each member shall be four years, except those of the members first appointed, of which three shall be appointed for a term of one year, two for a term of two 7 years, two for a term of three years, and two for a term of four years. At the expiration of the 8 9 term of each member, the governor, by and with the advice and consent of the senate, shall 10 appoint a successor.

11

3. The appointees to the commission shall be selected as follows:

12 (1) One member selected by the governor from a slate of three recommended by the 13 commissioner of education;

14 (2) One member selected by the governor from a slate of three recommended by the 15 commissioner of higher education;

16 (3) One member selected by the governor from a slate of three recommended by the 17 president pro tempore of the senate;

18 (4) One member selected by the governor from a slate of three recommended by the19 speaker of the house of representatives; and

(5) Five additional members appointed by the governor, one of whom shall be
selected from a slate of three nominees recommended by the Missouri School Boards
Association.

4. Members appointed to the commission shall collectively possess strong experience and expertise in governance, management and finance, school leadership, assessment, curriculum and instruction, and education law. All members of the commission shall have demonstrated understanding of and commitment to charter schooling as a strategy for strengthening public education.

5. The commission shall annually elect a [chairperson] chair and vice [chairperson] chair, who shall act as [chairperson] chair in [his or her] the chair's absence. The commission shall meet at the call of the [chairperson] chair. The [chairperson] chair may call meetings at such times as [he or she] the chair deems advisable and shall call a meeting when requested to do so by three or more members of the commission. Members of the commission are not eligible to receive compensation.

6. The commission may approve proposed charters for its sponsorship under sections160.400 to 160.425 and shall:

36 (1) Comply with all of the requirements applicable to sponsors under sections 37 160.400 to 160.425;

38 (2) Exercise sponsorship over charters approved by the commission under sections 39 160.400 to 160.425, including receipt of sponsorship funding under subsection [11] 9 of 40 section 160.400. Sponsorship funding due to the commission shall be deposited to the credit 41 of the charter public school commission revolving fund created pursuant to this section.

42 7. Charter schools sponsored by the commission shall comply with all of the 43 requirements applicable to charter schools under sections 160.400 to 160.425.

44

8. The commission shall conduct its business in accordance with chapter 610.

9. The department of elementary and secondary education shall provide start-up
funding for the commission to operate. The commission shall reimburse the department's
costs from any funds it receives as sponsor under section 160.400.

10. The commission is authorized to receive and expend gifts, grants, and donations of any kind from any public or private entity to carry out the purposes of sections 160.400 to 160.425, subject to the terms and conditions under which they are given, provided that all such terms and conditions are permissible under law.

52 11. There is hereby created in the state treasury the "Charter Public School 53 Commission Revolving Fund", which shall consist of moneys collected under this section. 54 The state treasurer shall be custodian of the fund. In accordance with sections 30.170 and 55 30.180, the state treasurer may approve disbursements. Notwithstanding the provisions of 56 section 33.080 to the contrary, any moneys remaining in the fund at the end of the biennium 57 shall not revert to the credit of the general revenue fund. The state treasurer shall invest 58 moneys in the fund in the same manner as other funds are invested. Subject to appropriation, 59 moneys in the fund shall be used solely for the administration of this section.

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