

SECOND REGULAR SESSION

HOUSE BILL NO. 2573

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE SMITH (46).

5816H.011

JOSEPH ENGLER, Chief Clerk

AN ACT

To repeal sections 160.400 and 160.415, RSMo, and to enact in lieu thereof two 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Section A. Sections 160.400 and 160.415, RSMo, are repealed and two new sections
2 enacted in lieu thereof, to be known as sections 160.400 and 160.415, 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 be
3 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
6 greater than three hundred fifty thousand inhabitants;

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
10 board of education and has received scores on its annual performance report consistent with a
11 classification of provisionally accredited or unaccredited for three consecutive school years
12 beginning with the 2012-13 accreditation year under the following conditions:

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
15 161.529, or on financial hardship as defined by rule of the state board of education, shall be
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

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 (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; **or**

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

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

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

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

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

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

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

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

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

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

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

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

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

69

70 A charter school operating in a school district identified in subdivision (1)~~;~~ or (2)~~;~~ ~~or (5)~~ of
71 subsection 2 of this section may be sponsored by any of the entities identified in subsection 3
72 of this section, irrespective of the accreditation classification of the district in which it is
73 located. A charter school in a district described in this subsection whose charter provides for
74 the addition of grade levels in subsequent years may continue to add levels until the planned
75 expansion is complete to the extent of grade levels in comparable schools of the district in
76 which the charter school is operated.

77 5. The mayor of a city not within a county may request a sponsor under subdivision
78 (2), (3), (4), (5), or (6) of subsection 3 of this section to consider sponsoring a "workplace
79 charter school", which is defined for purposes of sections 160.400 to 160.425 as a charter
80 school with the ability to target prospective students whose parent or parents are employed in
81 a business district, as defined in the charter, which is located in the city.

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

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

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

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

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

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

113 (1) Expends no less than ninety percent of its charter school sponsorship funds in
114 support of its charter school sponsorship program, or as a direct investment in the sponsored
115 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 based on the annual performance
122 report, and other material terms;

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

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

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

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

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

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

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

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

155 (2) The granting of a charter;

156 (3) The performance contract that the sponsor will use to evaluate the performance of
157 charter schools. Charter schools shall meet current state academic performance standards as
158 well as other standards agreed upon by the sponsor and the charter school in the performance
159 contract;

160 (4) The sponsor's intervention, renewal, and revocation policies, including the
161 conditions under which the charter sponsor may intervene in the operation of the charter
162 school, along with actions and consequences that may ensue, and the conditions for renewal
163 of the charter at the end of the term, consistent with subsections 8 and 9 of section 160.405;

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

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

168

169 The department shall provide guidance to sponsors in developing such policies and
170 procedures.

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

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

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

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

200 18. If a sponsor notifies a charter school of closure under subsection 8 of section
201 160.405, the department of elementary and secondary education shall exercise its financial
202 withholding authority under subsection 12 of section 160.415 to assure all obligations of the
203 charter school shall be met. The state, charter sponsor, or resident district shall not be liable
204 for any outstanding liability or obligations of the charter school.

 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
4 eligibility for free and reduced price lunch, special education, or limited English proficiency
5 status, as well as eligibility for categorical aid, of pupils resident in a school district who are
6 enrolled in the charter school to the school district in which those pupils reside. The charter
7 school shall report the average daily attendance data, free and reduced price lunch count,
8 special education pupil count, and limited English proficiency pupil count to the state
9 department of elementary and secondary education. Each charter school shall promptly
10 notify the state department of elementary and secondary education and the pupil's school
11 district when a pupil discontinues enrollment at a charter school.

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.

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

137 16. Charter schools may adjust weighted average daily attendance pursuant to section
138 163.036.

139 17. When calculating the amounts in subdivisions (1) and (2) of subsection 15 of this
140 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)]~~ (5) of subsection 2
179 of 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. (1) Any charter school management company operating a charter school in the
187 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. Beginning July 1, 2023, the provisions of section 160.995 shall be applicable to
194 charter schools.

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

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