

FIRST REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
**SENATE BILLS NOS. 510,
512 & 133**
91ST GENERAL ASSEMBLY

Reported from the Committee on Education, March 15, 2001, with recommendation that the Senate Committee Substitute do pass.

TERRY L. SPIELER, Secretary.

2001S.07C

AN ACT

To repeal sections 160.400, 160.405, 160.410, 160.415, 160.420 and 167.349, RSMo 2000, relating to charter schools, and to enact in lieu thereof seven new sections relating to the same subject, with an emergency clause for a certain section.

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

Section A. Sections 160.400, 160.405, 160.410, 160.415, 160.420 and 167.349, RSMo 2000, are repealed and seven new sections enacted in lieu thereof, to be known as sections 160.400, 160.405, 160.410, 160.415, 160.420, 167.349 and 169.596, to read as follows:

160.400. 1. A charter school is an independent, publicly supported school.

2. **Except as otherwise provided pursuant to this section**, charter schools may be operated only in a metropolitan school district or in an urban school district containing most or all of a city with a population greater than three hundred fifty thousand inhabitants **or any school district containing territory formerly contained in any school district in which charter schools were authorized to be established pursuant to this section** and may be sponsored by any of the following:

(1) The school board of the district;

(2) A public four-year college or university with its primary campus in the school district **or in a county containing all or a portion of the district** or in a county adjacent to the county in which the district is located, with an approved teacher education program that meets regional or national standards of accreditation; or

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

(3) A community college located in the district.

3. [A maximum of five percent of the school buildings currently in use for instructional purposes in a district may be converted to charter schools. This limitation does not apply to vacant buildings or buildings not used for instructional purposes.] **All buildings owned or controlled by a school district in which charter schools may be established pursuant to sections 160.400 to 160.420 and which buildings are not used by the district for their educational purposes or otherwise previously contractually obligated to another party shall be made available to charter schools in the district at a de minimis cost.**

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

5. The charter school shall be a Missouri nonprofit corporation incorporated pursuant to chapter 355, RSMo. The charter provided for herein shall constitute a contract between the sponsor and the charter school.

6. As a nonprofit corporation incorporated pursuant to chapter 355, RSMo, the charter school shall select the method for election of officers pursuant to section 355.326, RSMo, based on the class of corporation selected. Meetings of the governing board of the charter school shall be subject to the provisions of sections 610.010 to 610.030, RSMo, the open meetings law.

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

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 2 of this section when its charter is granted by a sponsor other than such college, university or community college. Affiliation status recognizes a relationship between the charter school and the college or university for purposes of teacher training and staff development, curriculum and assessment development, use of physical facilities owned by or rented on behalf of the college or university, and other similar purposes. The primary campus of the college or university must be located within the county in which the school district lies wherein the charter school is located or in a county adjacent to the county in which the district is located. A university, college or community college may not charge or accept a fee for affiliation status.

9. **There is hereby established a "Charter School Sponsor Oversight and Accountability Fund". The state treasurer shall, on the first business day of each fiscal year, transfer, from general revenue to the charter school sponsorship oversight and accountability fund, an amount equal to the sum of the number of charter schools which have an approved charter as of the date of the transfer multiplied by twenty-**

three thousand four hundred dollars, plus the sum of the number of students enrolled in each charter school established pursuant to sections 160.400 to 160.420 during the preceding school year multiplied by one-half of one percent of the per pupil operating revenue for the preceding year for the school district where each such charter school was located. The fund shall be subject to appropriation. The coordinating board of higher education shall establish, by rule, and administer a grant-based funding program for reimbursing costs of school districts and higher education institutions sponsoring charter schools pursuant to this section. Charter school sponsors may apply to the coordinating board each year, no later than August first, to receive a grant for each charter school which it sponsored the preceding year. The grant application shall meet the requirements established pursuant to this section. The amount of each annual grant for an approved application shall be equal to the sum of twenty-three thousand four hundred dollars, plus the number of students enrolled in the charter school during the preceding school year multiplied by one-half of one percent of the per pupil operating revenue for the preceding school year for the school district where the charter school was located. The grant shall be used for providing charter school sponsorship oversight and accountability functions related to the charter granted to the charter school. If the funding is insufficient in any year to fund all eligible, fundable grant applications, all grant awards shall be uniformly prorated until the total amount of grant awards matches the available funds. Any available funding in excess of the total of eligible, fundable grant applications shall be retained in the fund the following year and counted as current year transferred funds for the purpose of reducing the amount of the transfer authorized pursuant to this subsection.

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

11. No sponsor shall grant a charter pursuant to sections 160.400 to 160.420 without ensuring that a criminal background check and child abuse registry check are conducted for all members of the board of directors of the charter schools or the incorporators of the charter school if initial directors are not named in the articles of incorporation, nor shall a sponsor renew a charter without ensuring a criminal background check and child abuse registry check are conducted for each member of the board of directors of the charter school.

12. No member of the board of directors of a charter school shall hold any office or employment from the board or the charter school while a member of the board nor have any substantial interest, as defined pursuant to section 105.450, RSMo, in any entity employed by or contracting with the board.

13. A sponsor shall provide timely submission to the state board of education of all data necessary to demonstrate that the sponsor is in material compliance with all requirements of sections 160.400 to 160.420.

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. **The proposed charter shall specify a proposed starting date which shall be no earlier than eleven months following the date the proposed charter is submitted.** If the sponsor is not a school board, the applicant shall give a copy of its application to the school board of the district in which the charter school is to be located **and the state board of education, [when] within five business days of the date** the application is filed with the proposed sponsor. The school board may file objections with the proposed sponsor, and, if a charter is granted, the school board may file objections with the state board of education. The charter shall include a mission statement for the charter school, a description of the charter school's organizational structure and bylaws of the governing body, which will be responsible for the policy and operational decisions of the charter school, a financial plan for the first three years of operation of the charter school including provisions for annual audits, a description of the charter school's policy for securing personnel services, its personnel policies, personnel qualifications, and professional development plan, a description of the grades or ages of students being served, the school's calendar of operation, which shall include at least the equivalent of a full school term as defined in section 160.011, and an outline of criteria specified in this section designed to measure the effectiveness of the school. The charter shall also state:

- (1) The educational goals and objectives to be achieved by the charter school;
- (2) A description of the charter school's educational program and curriculum;
- (3) The term of the charter, which shall be not less than five years, nor greater than ten years and shall be renewable;
- (4) A description of the charter school's pupil performance standards, which must meet the requirements of subdivision (6) of subsection 5 of this section. The charter school program must be designed to enable each pupil to achieve such standards; and
- (5) A description of the governance and operation of the charter school, including the nature and extent of parental, professional educator, and community involvement in the governance and operation of the charter school.

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

- (1) **A charter application shall be provided to a proposed sponsor no later than eleven months prior to the proposed starting date for the charter school to begin operation. Within five business days of receipt of the application, the proposed sponsor shall forward a copy of the charter application to the state board of education and to the school board of the district if the proposed sponsor is not a school board;**

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

~~[(2)]~~ (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;**

~~[(3)]~~ (4) If a proposed charter is denied by a sponsor, the proposed charter may be submitted to the state board of education, along with the sponsor's written reasons for its denial. If the state board determines that the applicant meets the requirements of this section and that granting a charter to the applicant would be likely to provide educational benefit to the children of the district, the state board may grant a charter and act as sponsor of the charter school. **The state board shall review the proposed charter and make a determination of whether to deny or grant the proposed charter within sixty days of receipt of the proposed charter and shall notify the applicant in writing as to the reasons for its denial, if applicable;** [and]

~~[(4)]~~ (5) The sponsor of a charter school shall give priority to charter school applicants that propose a school oriented to high-risk students and to the reentry of dropouts into the school system. If a sponsor grants three or more charters, at least one-third of the charters granted by the sponsor shall be to schools that actively recruit dropouts or high-risk students as their student body and address the needs of dropouts or high-risk students through their proposed mission, curriculum, teaching methods, and services. For purposes of this subsection, a "high-risk" student is one who is at least one year behind in satisfactory completion of course work or obtaining credits for graduation, pregnant or a parent, homeless or has been homeless sometime within the preceding six months, has limited English proficiency, has been suspended from school three or more times, **is eligible for free or reduced price school lunch**, or has been referred by the school district for enrollment in an alternative program. "Dropout" shall be defined through the guidelines of the school core data report. The provisions of this subsection do not apply to charters sponsored by the state board of education.

3. If a charter is approved by a sponsor, it shall be submitted to the state board of education which may, within ~~[forty-five]~~ **sixty** days, disapprove the granting of the charter. The state board of education may disapprove a charter only on grounds that the application fails to meet the requirements of sections 160.400 to 160.420.

4. Any disapproval of a charter pursuant to subsection 3 of this section shall be subject to judicial review pursuant to chapter 536, RSMo.

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

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

operations;

(2) Comply with laws and regulations of the state relating to health, safety, and minimum educational standards;

(3) Except as provided in sections 160.400 to 160.420, be exempt from all laws and rules relating to schools, governing boards and school districts;

(4) Be financially accountable, use practices consistent with the Missouri financial accounting manual, provide for an annual audit by a certified public accountant, **publish audit reports and annual financial reports as provided pursuant to chapter 165, RSMo, provided that the annual financial report may be published via the Internet on the secretary of state's website in lieu of other publishing requirements**, and provide liability insurance to indemnify the school, its board, staff and teachers against tort claims. For the purposes of securing such insurance, a charter school shall be eligible for the Missouri public entity risk management fund pursuant to section 537.700, RSMo. A charter school that incurs debt must include a repayment plan in its financial plan;

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

(6) Design a method to measure pupil progress toward the pupil academic standards adopted by the state board of education pursuant to section 160.514, collect baseline data during at least the first three years for determining how the charter school is performing and to the extent applicable, **[participate in] employ** the statewide system of assessments, comprised of the essential skills tests and the nationally standardized norm-referenced achievement tests, as designated by the state board pursuant to section 160.518, complete and distribute an annual report card as prescribed in section 160.522, **which shall also include a statement that background checks have been completed on the charter school's board members**, report to its sponsor, the local school district, and the state board of education as to its teaching methods and any educational innovations and the results thereof, and provide data required for the study of charter schools pursuant to subsection 3 of section 160.410. No charter school will be considered in the Missouri school improvement program review of the district in which it is located for the resource or process standards of the program. Nothing in this paragraph 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;

(7) Assure that the needs of special education children are met in compliance with all applicable federal and state laws and regulations;

(8) Provide, in a timely fashion, all information necessary to confirm on-going compliance with all provisions of the charter and sections 160.400 to 160.420.

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 at least once every two years.

7. (1) A sponsor may revoke a charter at any time if the charter school commits a serious breach of one or more provisions of its charter or on any of the following grounds: failure to meet academic performance standards as set forth in its charter, failure to meet generally accepted standards of fiscal management, **failure to provide information necessary to confirm compliance with all provisions of the charter and sections 160.400 to 160.420 within forty-five days following receipt of written notice requesting such information** or violation of law.

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

(3) At least sixty days before acting to revoke a charter, the sponsor shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action. The school's board of directors 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 judicial review pursuant to chapter 536, RSMo.

(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.

8. A sponsor shall take all reasonable steps necessary to confirm 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 160.420.

9. A school district may enter into a lease with a charter school for physical facilities. [A charter school may not be located on the property of a school district unless the district governing board agrees.]

[9.] **10.** A governing board or a school district employee who has control over personnel actions shall not take unlawful reprisal against another employee at the school district because the employee is directly or indirectly involved in an application to establish a charter school. A governing board or a school district employee shall not take unlawful reprisal against an educational program of the school or the school district because an application to establish a charter

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

11. 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 board of directors 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 pursuant to sections 537.700 to 537.755, RSMo.

160.410. 1. A charter school shall enroll all pupils resident in the district in which it operates or eligible to attend a district's school under an urban voluntary transfer program who submit a timely application, unless the number of applications exceeds the capacity of a program, class, grade level or building. If capacity is insufficient to enroll all pupils who submit a timely application, the charter school shall have an admissions process that assures all applicants of an equal chance of gaining admission except that:

(1) A charter school may establish a geographical area around the school whose residents will receive a preference for enrolling in the school, provided that such preferences do not result in the establishment of racially or socioeconomically isolated schools and provided such preferences conform to policies and guidelines established by the state board of education; and

(2) A charter school may also give a preference for admission of children whose siblings attend the school or whose parents are employed at the school.

2. A charter school shall not limit admission based on race, ethnicity, national origin, disability, gender, income level, proficiency in the English language or athletic ability, but may limit admission to pupils within a given age group or grade level.

3. The department of elementary and secondary education shall commission a study of the performance of students at each charter school in comparison with a comparable group and a study of the impact of charter schools upon the districts in which they are located, to be conducted by a contractor selected through a request for proposal. The department of elementary and secondary education shall reimburse the contractor from funds appropriated by the general assembly for the purpose. The study of a charter school's student performance in relation to a comparable group shall be designed to provide information that would allow parents and educators to make valid comparisons of academic performance between the charter school's students and a group of students comparable to the students enrolled in the charter school. The impact study shall be undertaken every two years to determine the effect of charter schools on education stakeholders in the districts where charter schools are operated. The impact study may include, but is not limited to, determining if changes have been made in district policy or procedures attributable to the charter

school and to perceived changes in attitudes and expectations on the part of district personnel, school board members, parents, students, the business community and other education stakeholders. The department of elementary and secondary education shall make the results of the studies public and shall deliver copies to the governing boards of the charter schools, the sponsors of the charter schools, the school board and superintendent of the districts in which the charter schools are operated.

4. A charter school shall make available for public inspection, free of charge, and provide upon request, to the parent, guardian or other custodian of any school-age pupil resident in the district in which the school is located, the following information:

(1) The school's charter; and

(2) The school's most recent annual report card published pursuant to section 160.522; and

(3) The results of background checks on the charter school's board members.

The charter school may charge reasonable fees for furnishing copies of documents pursuant to this subsection.

160.415. 1. For the purposes of calculation and distribution of state school aid under section 163.031, RSMo, pupils enrolled in a charter school shall be included in the pupil enrollment of the school district within which each pupil resides. Each charter school shall report the names, addresses, and eligibility for free or reduced-price lunch or other 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 and to the state department of elementary and secondary education. Each charter school shall promptly notify the state department of elementary and secondary education and the pupil's school district when a student discontinues enrollment at a charter school.

2. (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 equalized, adjusted operating levy for school purposes for the pupils' district of residence for the current year times the guaranteed tax base per eligible pupil, as defined in section 163.011, RSMo, times the number of the district's resident pupils attending the charter school plus all other state aid attributable to such pupils, including summer school, if applicable, and all aid provided pursuant to section 163.031, RSMo.

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

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

(4) A school district shall pay the amounts due pursuant to this subsection as the disbursal agent and no later than twenty days following receipt of any such funds.

(5) The per-pupil amount paid by a school district to a charter school shall be reduced by

the amount per pupil determined by the state board of education to be needed by the district in the current year for repayment of leasehold revenue bonds obligated pursuant to a federal court desegregation action **for each charter school student whose primary location of school attendance has been provided pursuant to subsection 3 of section 160.400.**

3. 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 school district. If a charter school is paid more or less than the amounts due pursuant to subsection 2 of this section, the amount of overpayment or underpayment shall be adjusted in its next payment by the school district or the department of elementary and secondary education, as appropriate. Any dispute between the school district and a charter school as to the amount owing to the charter school shall be resolved by the department of elementary and secondary education, and the department's decision shall be the final administrative action for the purposes of review pursuant to chapter 536, RSMo.

4. 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.

5. A charter school may enter into contracts with community partnerships and state agencies acting in collaboration with such partnerships that provide services to children and their families linked to the school.

6. A charter school shall be eligible for transportation state aid pursuant to section 163.161, RSMo, 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.

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

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

8. A charter school may not charge tuition, nor may it impose fees that a school district is prohibited from imposing.

9. A charter school is authorized to incur debt in anticipation of receipt of funds. A charter school may also borrow to finance facilities and other capital items. A school district may incur bonded indebtedness or take other measures to provide for physical facilities and other capital items for charter schools that it sponsors or contracts with. Upon the dissolution of a charter school, any liabilities of the corporation will be satisfied through the procedures of chapter 355, RSMo.

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

11. The governing body of a charter school is authorized to accept grants, gifts or donations of any kind and to expend or use such grants, gifts or donations. A grant, gift or donation may not be accepted by the governing body if it is subject to any condition contrary to law applicable to the charter school or other public schools, or contrary to the terms of the charter.

160.420. 1. **Any school district in which charter schools may be established pursuant to sections 160.400 to 160.420 shall establish a uniform policy which provides that** if a charter school offers to retain the services of an employee of a school district, and the employee accepts a position at the charter school, [the contract between the charter school and the school district may provide that] an employee at the employee's option may remain an employee of the district and the charter school shall pay to the district the district's full costs of salary and benefits provided to the employee. **[A] The district's policy shall provide that any** teacher who accepts a position at a charter school and opts to remain an employee of the district retains such teacher's permanent teacher status and **retains such teacher's** seniority rights in the district **for three years**. The school district shall not be liable for any such employee's acts while an employee of the charter school.

2. A charter school may employ noncertificated instructional personnel; provided that no more than twenty percent of the full-time equivalent instructional staff positions at the school are filled by noncertificated personnel. All noncertificated instructional personnel shall be supervised by certified instructional personnel. **A charter school may employ noncertificated administrative personnel and noncertificated principals and assistant principals.** The charter school shall ensure that all instructional employees of the charter school have experience, training and skills appropriate to the instructional duties of the employee, and the charter school shall ensure that a criminal background check and child abuse registry check are conducted for each employee of the charter school prior to the hiring of the employee. Appropriate experience, training and skills of noncertificated instructional personnel shall be determined considering:

- (1) Teaching certificates issued by another state or states;
- (2) Certification by the National Standards Board;
- (3) College degrees in the appropriate field;
- (4) Evidence of technical training and competence when such is appropriate; and
- (5) Level of supervision and coordination with certificated instructional staff.

3. Personnel employed by the charter school shall participate in the retirement system of

the school district in which the charter school is located, subject to the same terms, conditions, requirements and other provisions applicable to personnel employed by the school district.

167.349. In any school district to which any provisions of sections 167.340 to 167.346 apply and in which district charter schools may be established pursuant to section 160.400, RSMo, any state college or university which provides educational programs to any part of such district **and any campus of the state university located in a county of the third classification** may sponsor one or more charter schools pursuant to section 160.400, RSMo, and, in addition to the purposes for which charter schools may be established pursuant to sections 160.400 to 160.420, RSMo, such charter schools may be established to emphasize remediation of reading deficiencies.

169.596. 1. Any school district with a shortage of certified teachers, as determined by the school district, may allow retired certificated teachers from any Missouri public teacher retirement system to teach full-time for up to two years without losing his or her retirement benefits. The total number of such retired certificated teachers shall not exceed, at any one time, the greater of ten percent of the total teacher staff for that school district, or five certificated teachers.

2. Any retired certificated teacher hired pursuant to this section shall be included in the State Directory of New Hires for purposes of income and eligibility verification pursuant to 42 U.S.C. Section 1320b-7.

3. Any school district with a shortage of non-certificated employees, as determined by the school district, may allow individuals retired pursuant to sections 169.600 to 169.715 to be employed full-time for up to two years without losing his or her retirement benefits. The total number of such retired non-certificated employees shall not exceed, at any one time, the greater of ten percent of the total non-certificated staff for that school district, or five employees.

4. No person shall be employed pursuant to this section until the affected retirement systems have implemented rules and regulations assuring that the provisions are cost-neutral and the systems remain actuarially sound.

5. All necessary costs shall be paid by the hiring school district and shall not exceed the school district's statutory cost limitations.

Section B. Because of the shortage of teachers in this state, the enactment of section 169.596 of this act is deemed necessary for the immediate preservation of the public health, welfare, peace and safety, and is hereby declared to be an emergency act within the meaning of the constitution, and the enactment of section 169.596 of this act shall be in full force and effect upon its passage and approval.