FIRST REGULAR SESSION

SENATE BILL NO. 64

95TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR RUPP.

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TERRY L. SPIELER, Secretary.

0455S.01I

AN ACT

To repeal sections 160.400, 160.405, and 160.410, RSMo, and to enact in lieu thereof three new sections relating to charter schools.

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

Section A. Sections 160.400, 160.405, and 160.410, RSMo, are repealed

- 2 and three new sections enacted in lieu thereof, to be known as sections 160.400,
- 3 160.405, and 160.410, to read as follows:

160.400. 1. A charter school is an independent public school.

- 2. Charter schools may be operated only in a metropolitan school district
- 3 [or], in an urban school district containing most or all of a city with a population
- greater than three hundred fifty thousand inhabitants [and], in any school
- 5 district that is not classified as accredited by the state board of
- s education, or in any school district that for any two of the three
- 7 preceding years has obtained a score on its annual performance
- 8 evaluation consistent with the classification of provisionally accredited
- 9 or unaccredited. For any school district that is not classified as
- 10 accredited by the state board of education, or in any school district
- 11 that for any two of the three preceding years has obtained a score on
- 12 its annual performance evaluation consistent with the classification of
- 13 provisionally accredited or unaccredited, any charter school that
- 14 operates therein may continue to operate if at a later time the state
- 15 board of education classifies the school district as accredited. A
- 16 charter school may continue to operate and serve the same geographic
- 17 area if the school district in which it is located lapses under sections
- 18 162.081 or 162.085, RSMo, or if a change in school district boundary

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- 19 lines occurs under sections 162.223, 162.431, 162.441, or 162.451,
- 20 RSMo. Charter schools may be sponsored by any of the following:
 - (1) The school board of the district;
- 22 (2) [A] Any public or private four-year college or university with its 23 primary campus in the [school district or in a county adjacent to the county in 24 which the district is located] state of Missouri, with an approved teacher 25 education program that meets regional or national standards of accreditation;
- 26 (3) A community college located in the district; or
- (4) [Any private four-year college or university located in a city not within a county with an enrollment of at least one thousand students, and with an approved teacher preparation program] The mayor of a city not within a county.
 - 3. The mayor of a city not within a county may request a sponsor under subdivision (2), (3), or (4) of subsection 2 of this section to consider sponsoring a workplace charter school, which is defined for purposes of sections 160.400 to 160.420 as a charter school with the ability to target prospective students whose parent or parents are employed in a business district, as defined in the charter, which is located in the city.
- 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. The expenses associated with sponsorship of charter schools shall be defrayed by the department of elementary and secondary education retaining one and five-tenths percent of the amount of state and local funding allocated to the charter school under section 160.415, not to exceed one hundred twenty-five thousand dollars, adjusted for inflation. Such amount shall not be withheld when the sponsor is a school district or the state board of education. The department of elementary and secondary education shall remit the retained funds for each charter school to the school's sponsor, provided the sponsor remains in good standing by fulfilling its sponsorship obligations under sections 160.400 to 160.420 and 167.349, RSMo, with regard to each charter school it sponsors, including appropriate demonstration of the 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;
- (3) Negotiates contracts with charter schools that clearly articulate the rights and responsibilities of each party regarding school autonomy, expected outcomes, measures for evaluating success or failure, performance consequences, 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
- (5) Designs and implements a transparent and rigorous process that uses comprehensive data to make merit-based renewal decisions.

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- Charter school sponsors may expend up to ten percent of their 91 92 sponsorship funding for undesignated administrative costs. The remaining funds shall be designated to support charter school 93 sponsorship activities, or directly invested in the sponsored schools. 94
- 95 10. No university, college or community college shall grant a charter to 96 a nonprofit corporation if an employee of the university, college or community college is a member of the corporation's board of directors. 97
 - 11. No sponsor shall grant a charter under sections 160.400 to 160.420 and 167.349, RSMo, without ensuring that a criminal background check and child abuse registry check are conducted for all members of the governing board 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 governing board of the charter school.
- 12. No member of the governing board of a charter school shall hold any 106 office or employment from the board or the charter school while serving as a member, nor shall the member have any substantial interest, as defined in 108 section 105.450, RSMo, in any entity employed by or contracting with the board. 109 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 charter 110 school shall be considered decision-making public servants as defined in section 105.450, RSMo, for the purposes of the financial disclosure requirements contained in sections 105.483, 105.485, 105.487, and 105.489, RSMo.
 - 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 and 167.349, RSMo.
- 14. The state board of education shall ensure each sponsor is in 118 compliance with all requirements under sections 160.400 to 160.420 and 167.349, 119 RSMo, for each charter school sponsored by any sponsor. The state board shall 120 notify each sponsor of the standards for sponsorship of charter schools, 121122 delineating both what is mandated by statute and what best practices 123dictate. The state board, after a public hearing, may require remedial action for 124a sponsor that it finds has not fulfilled its obligations of sponsorship, such 125 remedial actions including withholding the sponsor's funding and suspending for 126a period of up to one year the sponsor's authority to sponsor a school that it

currently sponsors or to sponsor any additional school. If the state board removes the authority to sponsor a currently operating charter school, the state board shall become the interim sponsor of the school for a period of up to three years until the school finds a new sponsor or until the charter contract period lapses.

160.405. 1. A person, group or organization seeking to establish a charter school shall submit the proposed charter, as provided in this section, to a sponsor. If the sponsor is not a school board, the applicant shall give a copy of its application to the school board of the district in which the charter school is to be 5 located and to the state board of education, within five business days of the date the application is filed with the proposed sponsor. The school board may file objections with the proposed sponsor, and, if a charter is granted, the school board may file objections with the state board of education. The charter shall 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 10 responsible for the policy and operational decisions of the charter school, a 11 financial plan for the first three years of operation of the charter school including 12provisions for annual audits, a description of the charter school's policy for 13 securing personnel services, its personnel policies, personnel qualifications, and 14 professional development plan, a description of the grades or ages of students 15 16 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 17 criteria specified in this section designed to measure the effectiveness of the 18 19 school. The charter shall also state:

- 20 (1) The educational goals and objectives to be achieved by the charter 21 school;
- 22 (2) A description of the charter school's educational program and 23 curriculum;
- 24 (3) The term of the charter, which shall be not less than five years, nor 25 greater than ten years and shall be renewable;
- 26 (4) A description of the charter school's pupil performance standards, 27 which must meet the requirements of subdivision (6) of subsection 5 of this 28 section. The charter school program must be designed to enable each pupil to 29 achieve such standards;
- 30 (5) A description of the governance and operation of the charter school, 31 including the nature and extent of parental, professional educator, and 32 community involvement in the governance and operation of the charter school;

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34 (6) A description of the charter school's policies on student discipline and student admission, which shall include a statement, where applicable, of the 35 36 validity of attendance of students who do not reside in the district but who may be eligible to attend under the terms of judicial settlements. 37

- 2. Proposed charters shall be subject to the following requirements:
- (1) 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 ninety days of the filing of the proposed charter;
- (2) 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) 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, 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 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, provided that any charter to be considered by the state board of education under this subdivision shall be submitted no later than March first prior to the school year in which the charter school intends to begin operations. The state board of education shall notify the applicant in writing as the reasons for its denial, if applicable; and
- (4) 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 66 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

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69 completion of course work or obtaining credits for graduation, pregnant or a 70 parent, homeless or has been homeless sometime within the preceding six months, has limited English proficiency, has been suspended from school three 71 72or more times, is eligible for free or reduced-price school lunch, or has been referred by the school district for enrollment in an alternative 7374 program. "Dropout" shall be defined through the guidelines of the school core 75 data report. The provisions of this subsection do not apply to charters sponsored 76 by the state board of education.

- 77 3. If a charter is approved by a sponsor, the charter application shall be submitted to the state board of education, along with a statement of finding that 7879 the application meets the requirements of sections 160.400 to 160.420 and section 167.439, RSMo, and a monitoring plan under which the charter sponsor will 80 evaluate the academic performance of students enrolled in the charter 81 82 school. The state board of education may, within sixty days, disapprove the granting of the charter. The state board of education may disapprove a charter 83 on grounds that the application fails to meet the requirements of sections 160.400 84 to 160.420 and section 167.349, RSMo, or that a charter sponsor previously failed 85 to meet the statutory responsibilities of a charter sponsor. 86
- 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:
- 90 (1) Be nonsectarian in its programs, admission policies, employment 91 practices, and all other operations;
- 92 (2) Comply with laws and regulations of the state, county, or city relating to health, safety, and state minimum educational standards, as specified by the 93 state board of education, including the requirements relating to student discipline 94 under sections 160.261, 167.161, 167.164, and 167.171, RSMo, notification of 95 96 criminal conduct to law enforcement authorities under sections 167.115 to 167.117, RSMo, academic assessment under section 160.518, transmittal of school 97 records under section 167.020, RSMo, and the minimum number of school days 98 and hours required under section 160.041; 99
- 100 (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;
- 102 (4) Be financially accountable, use practices consistent with the Missouri 103 financial accounting manual, provide for an annual audit by a certified public 104 accountant, publish audit reports and annual financial reports as provided in

chapter 165, RSMo, provided that the annual financial report may be published on the department of elementary and secondary education's Internet web site in addition to other publishing requirements, and provide liability insurance to indemnify the school, its board, staff and teachers against tort claims. A charter school that receives local educational agency status under subsection 6 of this section shall meet the requirements imposed by the Elementary and Secondary Education Act for audits of such agencies. For purposes of an audit by petition under section 29.230, RSMo, a charter school shall be treated as a political subdivision on the same terms and conditions as the school 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 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) (a) 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 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 4 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.
- (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

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141 standards on a different time frame as specified in that school's charter. Student 142 performance shall be assessed comprehensively to determine whether a high risk or alternative charter school has documented adequate student progress. Student 143 144 performance shall be based on sponsor-approved comprehensive measures as well as standardized public school measures. Annual presentation of charter school 145146 report card data to the department of elementary and secondary education, the 147 state board, and the public shall include comprehensive measures of student 148 progress.

- (c) Nothing in this [paragraph] 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;
- (7) Assure that the needs of special education children are met in compliance with all applicable federal and state laws and regulations;
- 156 (8) Provide along with any request for review by the state board of education the following:
- 158 (a) Documentation that the applicant has provided a copy of the 159 application to the school board of the district in which the charter school is to be 160 located, except in those circumstances where the school district is the sponsor of 161 the charter school; and
 - (b) A statement outlining the reasons for approval or disapproval by the sponsor, specifically addressing the requirements of sections 160.400 to 160.420 and 167.349, RSMo.
 - 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 or at any point where the operation or management of the charter school is changed or transferred to another entity, either public or private. The governing board of a charter school may amend the charter, if the sponsor approves such amendment, or the sponsor and the governing board may reach an agreement in writing to reflect the charter school's decision to become a local educational agency [for the sole purpose of seeking direct access to federal grants]. In such case the sponsor shall give the department of elementary and secondary education written notice no later than March first of any year, with the

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agreement to become effective July first. The department may waive the March first notice date in its discretion. The department shall identify and furnish a list of its regulations that pertain to local educational agencies to such schools within thirty days of receiving such notice.

- 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 and 167.349, RSMo, 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, 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 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.
- 205 (6) A charter sponsor shall make available the school accountability report 206 card information as provided under section 160.522 and the results of the 207 academic monitoring required under subsection 3 of this section.
- 8. 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 160.420 and 167.349, RSMo. Every charter school shall provide all information necessary to confirm ongoing compliance with all provisions of its

charter and sections 160.400 to 160.420 and 167.349, RSMo, in a timely manner to its sponsor.

- 9. A school district may enter into a lease with a charter school for physical facilities.
- 217 10. A governing board or a school district employee who has control over 218 personnel actions shall not take unlawful reprisal against another employee at 219 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 220 221 employee shall not take unlawful reprisal against an educational program of the 222 school or the school district because an application to establish a charter school 223 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 224225 taken by a governing board or a school district employee as a direct result of a 226 lawful application to establish a charter school and that is adverse to another 227 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 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, RSMo.
- 12. 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, RSMo.
- 238 13. The chief financial officer of a charter school shall maintain:
- 239 (1) A surety bond in an amount determined by the sponsor to be adequate 240 based on the cash flow of the school; or
- (2) An insurance policy issued by an insurance company licensed to do business in Missouri on all employees in the amount of five hundred thousand dollars or more that provides coverage in the event of employee theft.

160.410. 1. A charter school shall enroll:

- 2 (1) All pupils resident in the district in which it operates;
- 3 (2) Nonresident pupils eligible to attend a district's school under an urban
- 4 voluntary transfer program; [and]

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- 5 (3) In the case of a charter school whose mission includes student 6 drop-out prevention or recovery, a nonresident pupil from an adjacent 7 county who submits a timely application; and
- (4) In the case of a workplace charter school, any student eligible to attend under subdivision (1) or (2) of this subsection whose parent is employed in the business district, who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level or building. The configuration of a business district shall be set forth in the charter and shall not be construed to create an undue advantage for a single employer or small number of employers.
 - 2. 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]
- 23 (2) A charter school may also give a preference for admission of children 24 whose siblings attend the school or whose parents are employed at the school or 25 in the case of a workplace charter school, a child whose parent is employed in the 26 business district or at the business site of such school; and
 - (3) A charter school whose mission includes student drop-out prevention or recovery as described in subdivision (3) of subsection 1 of this section shall give preference for admission to resident pupils over nonresident pupils.
- 3. A charter school shall not limit admission based on race, ethnicity, 32 national origin, disability, gender, income level, proficiency in the English 33 language or athletic ability, but may limit admission to pupils within a given age 34 group or grade level.
 - 4. 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 41 42 performance in relation to a comparable group shall be designed to provide information that would allow parents and educators to make valid comparisons 43 44 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 45 46 study shall be undertaken every two years to determine the effect of charter schools on education stakeholders in the districts where charter schools are 47 48 operated. The impact study may include, but is not limited to, determining if 49 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 50 of district personnel, school board members, parents, students, the business 51community and other education stakeholders. The department of elementary and 52secondary education shall make the results of the studies public and shall deliver 53copies to the governing boards of the charter schools, the sponsors of the charter 5455 schools, the school board and superintendent of the districts in which the charter schools are operated. 56

- 57 5. A charter school shall make available for public inspection, and provide 58 upon request, to the parent, guardian, or other custodian of any school-age pupil 59 resident in the district in which the school is located the following information:
 - (1) The school's charter;

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- 61 (2) The school's most recent annual report card published according to 62 section 160.522; and
- 63 (3) The results of background checks on the charter school's board 64 members.
- The charter school may charge reasonable fees, not to exceed the rate specified in section 610.026, RSMo, for furnishing copies of documents under this subsection.

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