

SECOND REGULAR SESSION

SENATE BILL NO. 637

97TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR RUPP.

Pre-filed December 18, 2013, and ordered printed.

4806S.01I

TERRY L. SPIELER, Secretary.

AN ACT

To repeal sections 160.400, 160.405, and 160.417, 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Section A. Sections 160.400, 160.405, and 160.417, RSMo, are repealed
2 and three new sections enacted in lieu thereof, to be known as sections 160.400,
3 160.405, and 160.417, 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
3 schools may be operated only:

4 (1) In a metropolitan school district;
5 (2) In an urban school district containing most or all of a city with a
6 population greater than three hundred fifty thousand inhabitants;
7 (3) In a school district that has been declared unaccredited;
8 (4) In a school district that has been classified as provisionally accredited
9 by the state board of education and has received scores on its annual performance
10 report consistent with a classification of provisionally accredited or unaccredited
11 for three consecutive school years beginning with the 2012-13 accreditation year
12 under the following conditions:

13 (a) The eligibility for charter schools of any school district whose
14 provisional accreditation is based in whole or in part on financial stress as
15 defined in sections 161.520 to 161.529, or on financial hardship as defined by rule
16 of the state board of education, shall be decided by a vote of the state board of
17 education during the third consecutive school year after the designation of
18 provisional accreditation; and

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

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

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

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

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

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

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

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

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

55 (6) The Missouri charter public school commission created in section
56 160.425.

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

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

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

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

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

82 5. The mayor of a city not within a county may request a sponsor under
83 subdivision (2), (3), (4), (5), or (6) of subsection 3 of this section to consider
84 sponsoring a "workplace charter school", which is defined for purposes of sections
85 160.400 to 160.425 as a charter school with the ability to target prospective
86 students whose parent or parents are employed in a business district, as defined
87 in the charter, which is located in the city.

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

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

94 8. As a nonprofit corporation incorporated pursuant to chapter 355, the
95 charter school shall select the method for election of officers pursuant to section
96 355.326 based on the class of corporation selected. Meetings of the governing
97 board of the charter school shall be subject to the provisions of sections 610.010
98 to 610.030.

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

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

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

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

125 (2) Maintains a comprehensive application process that follows fair
126 procedures and rigorous criteria and grants charters only to those developers who

127 demonstrate strong capacity for establishing and operating a quality charter
128 school;

129 (3) Negotiates contracts with charter schools that clearly articulate the
130 rights and responsibilities of each party regarding school autonomy, expected
131 outcomes, measures for evaluating success or failure, performance consequences,
132 and other material terms;

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

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

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

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

144 14. No sponsor shall grant a charter under sections 160.400 to 160.425
145 and 167.349 without ensuring that a criminal background check and family care
146 safety registry check are conducted for all members of the governing board of the
147 charter schools or the incorporators of the charter school if initial directors are
148 not named in the articles of incorporation, nor shall a sponsor renew a charter
149 without ensuring a criminal background check and family care **safety** registry
150 check are conducted for each member of the governing board of the charter school.

151 15. No member of the governing board of a charter school shall hold any
152 office or employment from the board or the charter school while serving as a
153 member, nor shall the member have any substantial interest, as defined in
154 section 105.450, in any entity employed by or contracting with the board. No
155 board member shall be an employee of a company that provides substantial
156 services to the charter school. All members of the governing board of the charter
157 school shall be considered decision-making public servants as defined in section
158 105.450 for the purposes of the financial disclosure requirements contained in
159 sections 105.483, 105.485, 105.487, and 105.489.

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

161 (1) The review of a charter school proposal including an application that
162 provides sufficient information for rigorous evaluation of the proposed charter and

163 provides clear documentation that the education program and academic program
164 are aligned with the state standards and grade-level expectations, and provides
165 clear documentation of effective governance and management structures, and a
166 sustainable operational plan;

167 (2) The granting of a charter;

168 (3) The performance framework that the sponsor will use to evaluate the
169 performance of charter schools;

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

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

177 (6) Procedures to be implemented if a charter school should close,
178 consistent with the provisions of subdivision (15) of subsection 1 of section
179 160.405.

180 [The department shall provide guidance to sponsors in developing such policies
181 and procedures.]

182 17. (1) A sponsor shall provide timely submission to the state board of
183 education of all data necessary to demonstrate that the sponsor is in material
184 compliance with all requirements of sections 160.400 to 160.425 and section
185 167.349. The state board of education shall ensure each sponsor is in compliance
186 with all requirements under sections 160.400 to 160.425 and 167.349 for each
187 charter school sponsored by any sponsor. The state board shall notify each
188 sponsor of the standards for sponsorship of charter schools, delineating both what
189 is mandated by statute and what best practices dictate. The state board shall
190 evaluate sponsors to determine compliance with these standards every three
191 years. The evaluation shall include a sponsor's policies and procedures in the
192 areas of charter application approval; required charter agreement terms and
193 content; sponsor performance evaluation and compliance monitoring; and charter
194 renewal, intervention, and revocation decisions. Nothing shall preclude the
195 department from undertaking an evaluation at any time for cause.

196 (2) If the department determines that a sponsor is in material
197 noncompliance with its sponsorship duties, the sponsor shall be notified and
198 given reasonable time for remediation. If remediation does not address the

199 compliance issues identified by the department, the commissioner of education
200 shall conduct a public hearing and thereafter provide notice to the charter
201 sponsor of corrective action that will be recommended to the state board of
202 education. Corrective action by the department may include withholding the
203 sponsor's funding and suspending the sponsor's authority to sponsor a school that
204 it currently sponsors or to sponsor any additional school until the sponsor is
205 reauthorized by the state board of education under section 160.403.

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

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

160.405. 1. A person, group or organization seeking to establish a charter
2 school shall submit the proposed charter, as provided in this section, to a sponsor.
3 If the sponsor is not a school board, the applicant shall give a copy of its
4 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
6 the application is filed with the proposed sponsor. The school board may file
7 objections with the proposed sponsor, and, if a charter is granted, the school
8 board may file objections with the state board of education. The charter shall
9 [be] **include** a legally binding performance contract that describes the
10 obligations and responsibilities of the school and the sponsor as outlined in
11 sections 160.400 to 160.425 and section 167.349 and shall [also include] **address**
12 **the following:**

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

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

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

24 (5) A description of the grades or ages of students being served;

25 (6) The school's calendar of operation, which shall include at least the
26 equivalent of a full school term as defined in section 160.011;

27 (7) A description of the charter school's pupil performance standards and
28 academic program performance standards, which shall meet the requirements of
29 subdivision (6) of subsection 4 of this section. The charter school program shall
30 be designed to enable each pupil to achieve such standards and shall contain a
31 complete set of indicators, measures, metrics, and targets for academic program
32 performance, including specific goals on graduation rates and standardized test
33 performance and academic growth;

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

36 (9) The term of the charter, which shall be five years and shall be
37 renewable;

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

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

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

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

50 (14) A description of the agreement between the charter school and the
51 sponsor as to when a sponsor shall intervene in a charter school, when a sponsor
52 shall revoke a charter for failure to comply with subsection 8 of this section, and
53 when a sponsor will not renew a charter under subsection 9 of this section;

54 (15) Procedures to be implemented if the charter school should close, as
55 provided in subdivision (6) of subsection 16 of section 160.400 including:

56 (a) Orderly transition of student records to new schools and archival of

57 student records;

58 (b) Archival of business operation and transfer or repository of personnel

59 records;

60 (c) Submission of final financial reports;

61 (d) Resolution of any remaining financial obligations; [and]

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

63 (f) A notification plan to inform parents or guardians of students, the local

64 school district, the retirement system in which the charter school's employees

65 participate, and the state board of education within thirty days of the decision to

66 close;

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

69 (17) For all new or revised charters, procedures to be used upon closure
70 of the charter school requiring that unobligated assets of the charter school be
71 returned to the department of elementary and secondary education for their
72 disposition, which upon receipt of such assets shall return them to the local
73 school district in which the school was located, the state, or any other entity to
74 which they would belong.

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

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

78 (1) A charter shall be submitted to the sponsor, and follow the sponsor's
79 policies and procedures for review and granting of a charter approval, and be
80 approved by the state board of education by [December first] **January thirty-**
81 **first** of the year [prior to] **that is** the proposed opening date of the charter
82 school;

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

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

92 (4) If a proposed charter is denied by a sponsor, the proposed charter may

93 be submitted to the state board of education, along with the sponsor's written
94 reasons for its denial. If the state board determines that the applicant meets the
95 requirements of this section, that the applicant is sufficiently qualified to operate
96 the charter school, and that granting a charter to the applicant would be likely
97 to provide educational benefit to the children of the district, the state board may
98 grant a charter and act as sponsor of the charter school. The state board shall
99 review the proposed charter and make a determination of whether to deny or
100 grant the proposed charter within sixty days of receipt of the proposed charter,
101 provided that any charter to be considered by the state board of education under
102 this subdivision shall be submitted no later than March first prior to the school
103 year in which the charter school intends to begin operations. The state board of
104 education shall notify the applicant in writing as the reasons for its denial, if
105 applicable; and

106 (5) The sponsor of a charter school shall give priority to charter school
107 applicants that propose a school oriented to high-risk students and to the reentry
108 of dropouts into the school system. If a sponsor grants three or more charters,
109 at least one-third of the charters granted by the sponsor shall be to schools that
110 actively recruit dropouts or high-risk students as their student body and address
111 the needs of dropouts or high-risk students through their proposed mission,
112 curriculum, teaching methods, and services. For purposes of this subsection, a
113 "high-risk" student is one who is at least one year behind in satisfactory
114 completion of course work or obtaining high school credits for graduation, has
115 dropped out of school, is at risk of dropping out of school, needs drug and alcohol
116 treatment, has severe behavioral problems, has been suspended from school three
117 or more times, has a history of severe truancy, is a pregnant or parenting teen,
118 has been referred for enrollment by the judicial system, is exiting incarceration,
119 is a refugee, is homeless or has been homeless sometime within the preceding six
120 months, has been referred by an area school district for enrollment in an
121 alternative program, or qualifies as high risk under department of elementary
122 and secondary education guidelines. "Dropout" shall be defined through the
123 guidelines of the school core data report. The provisions of this subsection do not
124 apply to charters sponsored by the state board of education.

125 3. If a charter is approved by a sponsor, the charter application shall be
126 submitted to the state board of education, along with a statement of finding **by**
127 **the sponsor** that the application meets the requirements of sections 160.400 to
128 160.425 and section 167.349 and a monitoring plan under which the charter

129 sponsor shall evaluate the academic performance of students enrolled in the
130 charter school. The state board of education [may, within] **has** sixty days[,
131 disapprove the granting of the charter] **from the receipt of the charter**
132 **application to review the application.** Any charter application received
133 **by the state board of education on or before November 15 of the year**
134 **prior to the proposed opening of the charter school shall be considered**
135 **by the state board of education within the sixty-day period.** At the
136 **conclusion of the sixty-day period, the charter application shall be**
137 **deemed approved unless** the state board of education [may disapprove a]
138 **disapproves the charter on grounds that the application fails to meet the**
139 requirements of sections 160.400 to 160.425 and section 167.349 or that a charter
140 sponsor previously failed to meet the statutory responsibilities of a charter
141 sponsor. Any **disapproval of a charter application made by the state**
142 **board of education shall be in writing and shall identify the specific**
143 **failures of the application to meet the requirements of sections 160.400**
144 **to 160.425 and section 167.349, and the written disapproval shall be**
145 **immediately provided to the sponsor.**

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

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

149 (2) Comply with laws and regulations of the state, county, or city relating
150 to health, safety, and state minimum educational standards, as specified by the
151 state board of education, including the requirements relating to student discipline
152 under sections 160.261, 167.161, 167.164, and 167.171, notification of criminal
153 conduct to law enforcement authorities under sections 167.115 to 167.117,
154 academic assessment under section 160.518, transmittal of school records under
155 section 167.020, the minimum number of school days and hours required under
156 section 160.041, and the employee criminal history background check and the
157 family care safety registry check under section 168.133;

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

160 (4) Be financially accountable, use practices consistent with the Missouri
161 financial accounting manual, provide for an annual audit by a certified public
162 accountant, publish audit reports and annual financial reports as provided in
163 chapter 165, provided that the annual financial report may be published on the
164 department of elementary and secondary education's internet website in addition

165 to other publishing requirements, and provide liability insurance to indemnify the
166 school, its board, staff and teachers against tort claims. A charter school that
167 receives local educational agency status under subsection 6 of this section shall
168 meet the requirements imposed by the Elementary and Secondary Education Act
169 for audits of such agencies and comply with all federal audit requirements for
170 charters with local education agency status. For purposes of an audit by petition
171 under section 29.230, a charter school shall be treated as a political subdivision
172 on the same terms and conditions as the school district in which it is located. For
173 the purposes of securing such insurance, a charter school shall be eligible for the
174 Missouri public entity risk management fund pursuant to section 537.700. A
175 charter school that incurs debt shall include a repayment plan in its financial
176 plan;

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

181 (6) (a) Design a method to measure pupil progress toward the pupil
182 academic standards adopted by the state board of education pursuant to section
183 160.514, establish baseline student performance in accordance with the
184 performance contract during the first year of operation, collect student
185 performance data as defined by the annual performance report throughout the
186 duration of the charter to annually monitor student academic performance, and
187 to the extent applicable based upon grade levels offered by the charter school,
188 participate in the statewide system of assessments, comprised of the essential
189 skills tests and the nationally standardized norm-referenced achievement tests,
190 as designated by the state board pursuant to section 160.518, complete and
191 distribute an annual report card as prescribed in section 160.522, which shall also
192 include a statement that background checks have been completed on the charter
193 school's board members, report to its sponsor, the local school district, and the
194 state board of education as to its teaching methods and any educational
195 innovations and the results thereof, and provide data required for the study of
196 charter schools pursuant to subsection 4 of section 160.410. No charter school
197 shall be considered in the Missouri school improvement program review of the
198 district in which it is located for the resource or process standards of the
199 program.

200 (b) For proposed high risk or alternative charter schools, sponsors shall

201 approve performance measures based on mission, curriculum, teaching methods,
202 and services. Sponsors shall also approve comprehensive academic and
203 behavioral measures to determine whether students are meeting performance
204 standards on a different time frame as specified in that school's charter. Student
205 performance shall be assessed comprehensively to determine whether a high risk
206 or alternative charter school has documented adequate student progress. Student
207 performance shall be based on sponsor-approved comprehensive measures as well
208 as standardized public school measures. Annual presentation of charter school
209 report card data to the department of elementary and secondary education, the
210 state board, and the public shall include comprehensive measures of student
211 progress.

212 (c) Nothing in this subdivision shall be construed as permitting a charter
213 school to be held to lower performance standards than other public schools within
214 a district; however, the charter of a charter school may permit students to meet
215 performance standards on a different time frame as specified in its charter. The
216 performance standards for alternative and special purpose charter schools that
217 target high-risk students as defined in subdivision (5) of subsection 2 of this
218 section shall be based on measures defined in the school's performance contract
219 with its sponsors;

220 (7) Comply with all applicable federal and state laws and regulations
221 regarding students with disabilities, including sections 162.670 to 162.710, the
222 Individuals with Disabilities Education Act (20 U.S.C. Section 1400) and Section
223 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794) or successor
224 legislation;

225 (8) Provide along with any request for review by the state board of
226 education the following:

227 (a) Documentation that the applicant has provided a copy of the
228 application to the school board of the district in which the charter school is to be
229 located, except in those circumstances where the school district is the sponsor of
230 the charter school; and

231 (b) A statement outlining the reasons for approval or disapproval by the
232 sponsor, specifically addressing the requirements of sections 160.400 to 160.425
233 and 167.349.

234 5. (1) Proposed or existing high-risk or alternative charter schools may
235 include alternative arrangements for students to obtain credit for satisfying
236 graduation requirements in the school's charter application and

237 charter. Alternative arrangements may include, but not be limited to, credit for
238 off-campus instruction, embedded credit, work experience through an internship
239 arranged through the school, and independent studies. When the state board of
240 education approves the charter, any such alternative arrangements shall be
241 approved at such time.

242 (2) The department of elementary and secondary education shall conduct
243 a study of any charter school granted alternative arrangements for students to
244 obtain credit under this subsection after three years of operation to assess
245 student performance, graduation rates, educational outcomes, and entry into the
246 workforce or higher education.

247 6. The charter of a charter school may be amended at the request of the
248 governing body of the charter school and on the approval of the sponsor. The
249 sponsor and the governing board and staff of the charter school shall jointly
250 review the school's performance, management and operations during the first year
251 of operation and then every other year after the most recent review or at any
252 point where the operation or management of the charter school is changed or
253 transferred to another entity, either public or private. The governing board of a
254 charter school may amend the charter, if the sponsor approves such amendment,
255 or the sponsor and the governing board may reach an agreement in writing to
256 reflect the charter school's decision to become a local educational agency. In such
257 case the sponsor shall give the department of elementary and secondary
258 education written notice no later than March first of any year, with the
259 agreement to become effective July first. The department may waive the March
260 first notice date in its discretion. The department shall identify and furnish a list
261 of its regulations that pertain to local educational agencies to such schools within
262 thirty days of receiving such notice.

263 7. Sponsors shall annually review the charter school's compliance with
264 statutory standards including:

265 (1) Participation in the statewide system of assessments, as designated
266 by the state board of education under section 160.518;

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

269 (3) The collection of baseline data during the first three years of operation
270 to determine the longitudinal success of the charter school;

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

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

274 8. (1) (a) A sponsor's intervention policies shall give schools clear,
275 adequate, evidence-based, and timely notice of contract violations or performance
276 deficiencies and mandate intervention based upon findings of the state board of
277 education of the following:

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

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

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

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

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

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

294 (c) A sponsor shall revoke a charter or take other appropriate remedial
295 action, which may include placing the charter school on probationary status for
296 no more than twelve months, provided that no more than one designation of
297 probationary status shall be allowed for the duration of the charter contract, at
298 any time if the charter school commits a serious breach of one or more provisions
299 of its charter or on any of the following grounds: failure to meet the performance
300 contract as set forth in its charter, failure to meet generally accepted standards
301 of fiscal management, failure to provide information necessary to confirm
302 compliance with all provisions of the charter and sections 160.400 to 160.425 and
303 167.349 within forty-five days following receipt of written notice requesting such
304 information, or violation of law.

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

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

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

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

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

325 9. (1) A sponsor shall take all reasonable steps necessary to confirm that
326 each charter school sponsored by such sponsor is in material compliance and
327 remains in material compliance with all material provisions of the charter and
328 sections 160.400 to 160.425 and 167.349. Every charter school shall provide all
329 information necessary to confirm ongoing compliance with all provisions of its
330 charter and sections 160.400 to 160.425 and 167.349 in a timely manner to its
331 sponsor.

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

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

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

342 a. A negative balance in its operating funds;

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

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

347 (c) The charter is in compliance with its legally binding performance
348 contract and sections 160.400 to 160.425 and section 167.349.

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

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

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

363 (d) If a charter school sponsor demonstrates the objectives identified in
364 this subdivision, the state board of education shall renew the school's
365 charter. **Any decision of the state board of education not to renew a**
366 school's charter shall be based solely on the charter application's
367 failure to comply with this subdivision.

368 10. A school district may enter into a lease with a charter school for
369 physical facilities.

370 11. A governing board or a school district employee who has control over
371 personnel actions shall not take unlawful reprisal against another employee at
372 the school district because the employee is directly or indirectly involved in an
373 application to establish a charter school. A governing board or a school district
374 employee shall not take unlawful reprisal against an educational program of the
375 school or the school district because an application to establish a charter school
376 proposes the conversion of all or a portion of the educational program to a charter
377 school. As used in this subsection, "unlawful reprisal" means an action that is
378 taken by a governing board or a school district employee as a direct result of a
379 lawful application to establish a charter school and that is adverse to another
380 employee or an educational program.

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

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

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

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

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

160.417. 1. By October 1, 2012, and by each October first thereafter, the
2 sponsor of each charter school shall review the information submitted on the
3 report required by section 162.821 to identify charter schools experiencing
4 financial stress. The department of elementary and secondary education shall be
5 authorized to obtain such additional information from a charter school as may be
6 necessary to determine the financial condition of the charter school. Annually,
7 a listing of charter schools identified as experiencing financial stress according
8 to the provisions of this section shall be provided to the governor, speaker of the
9 house of representatives, and president pro tempore of the senate by the
10 department of elementary and secondary education.

11 2. For the purposes of this section, a charter school shall be identified as
12 experiencing financial stress if it:

13 (1) At the end of its most recently completed fiscal year:

14 (a) Has a negative balance in its operating funds; or

15 (b) Has a combined balance of less than three percent of the amount
16 expended from such funds during the previous fiscal year; or

17 (2) For the most recently completed fiscal year expenditures, exceeded
18 receipts for any of its funds because of recurring costs.

19 3. The sponsor shall notify by November first the governing board of the
20 charter school identified as experiencing financial stress. Upon receiving the
21 notification, the governing board shall develop, or cause to have developed, and

22 shall approve a budget and education plan on forms provided by the sponsor. The
23 budget and education plan shall be submitted to the sponsor, signed by the
24 officers of the charter school, within forty-five calendar days of notification that
25 the charter school has been identified as experiencing financial
26 stress. Minimally, the budget and education plan shall:

27 (1) Give assurances that adequate educational services to students of the
28 charter school shall continue uninterrupted for the remainder of the current
29 school year and that the charter school can provide the minimum number of
30 school days and hours required by section 160.041;

31 (2) Outline a procedure to be followed by the charter school to report to
32 charter school patrons about the financial condition of the charter school; and

33 (3) Detail the expenditure reduction measures, revenue increases, or other
34 actions to be taken by the charter school to address its condition of financial
35 stress.

36 4. Upon receipt and following review of any budget and education plan,
37 the sponsor may make suggestions to improve the plan. Nothing in sections
38 160.400 to 160.425 or section 167.349 shall exempt a charter school from
39 submitting a budget and education plan to the sponsor according to the provisions
40 of this section following each such notification that a charter school has been
41 identified as experiencing financial stress, except that the sponsor may permit a
42 charter school's governing board to make amendments to or update a budget and
43 education plan previously submitted to the sponsor.

44 5. The department may withhold any payment of financial aid otherwise
45 due to the charter school until such time as the sponsor and the charter school
46 have fully complied with this section.

47 **6. The provisions of this section shall only apply to charter
48 schools that have been in operation for three or more calendar years.**

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