

SECOND REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
HOUSE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NO. 1451

98TH GENERAL ASSEMBLY

Reported from the Committee on Education, May 6, 2016, with recommendation that the Senate Committee Substitute do pass.

4351S.05C

ADRIANE D. CROUSE, Secretary.

AN ACT

To repeal sections 160.400, 160.403, 160.405, 160.410, 160.415, 160.417, 163.018, 163.036, 167.131, and 167.241, RSMo, and to enact in lieu thereof eleven new sections relating to charter schools, 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A. Sections 160.400, 160.403, 160.405, 160.410, 160.415, 160.417, 2 163.018, 163.036, 167.131, and 167.241, RSMo, are repealed and eleven new 3 sections enacted in lieu thereof, to be known as sections 160.400, 160.403, 4 160.405, 160.408, 160.410, 160.415, 160.417, 163.018, 163.036, 167.131, and 5 167.241, 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] **classified as** 8 **unaccredited by the state board of education;**
- 9 (4) In a school district that has been classified as provisionally accredited 10 by the state board of education and has received scores on its annual performance 11 report consistent with a classification of provisionally accredited or unaccredited 12 for three consecutive school years beginning with the 2012-13 accreditation year 13 under the following conditions:

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

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

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

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

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

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

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

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

49 (4) Any private four-year college or university with an enrollment of at

50 least one thousand students, with its primary campus in Missouri, and with an
51 approved teacher preparation program;

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

56 (6) The Missouri charter public school commission created in section
57 160.425.

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

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

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

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

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

83 5. The mayor of a city not within a county may request a sponsor under
84 subdivision (2), (3), (4), (5), or (6) of subsection 3 of this section to consider
85 sponsoring a "workplace charter school", which is defined for purposes of sections

86 160.400 to 160.425 as a charter school with the ability to target prospective
87 students whose parent or parents are employed in a business district, as defined
88 in the charter, which is located in the city.

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

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

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

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

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

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

122 the following:

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

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

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

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

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

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

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

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

152 15. No member of the governing board of a charter school shall hold any
153 office or employment from the board or the charter school while serving as a
154 member, nor shall the member have any substantial interest, as defined in
155 section 105.450, in any entity employed by or contracting with the board. No
156 board member shall be an employee of a company that provides substantial
157 services to the charter school. All members of the governing board of the charter

158 school shall be considered decision-making public servants as defined in section
159 105.450 for the purposes of the financial disclosure requirements contained in
160 sections 105.483, 105.485, 105.487, and 105.489.

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

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

168 (2) The granting of a charter;

169 (3) The performance [framework] **contract** that the sponsor will use to
170 evaluate the performance of charter schools. **Charter schools shall meet**
171 **current state academic performance standards as well as other**
172 **standards agreed upon by the sponsor and the charter school in the**
173 **performance contract;**

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

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

181 (6) Procedures to be implemented if a charter school should close,
182 consistent with the provisions of subdivision (15) of subsection 1 of section
183 160.405.

184 The department shall provide guidance to sponsors in developing such policies
185 and procedures.

186 17. (1) A sponsor shall provide timely submission to the state board of
187 education of all data necessary to demonstrate that the sponsor is in material
188 compliance with all requirements of sections 160.400 to 160.425 and section
189 167.349. The state board of education shall ensure each sponsor is in compliance
190 with all requirements under sections 160.400 to 160.425 and 167.349 for each
191 charter school sponsored by any sponsor. The state board shall notify each
192 sponsor of the standards for sponsorship of charter schools, delineating both what
193 is mandated by statute and what best practices dictate. The state board shall

194 evaluate sponsors to determine compliance with these standards every three
195 years. The evaluation shall include a sponsor's policies and procedures in the
196 areas of charter application approval; required charter agreement terms and
197 content; sponsor performance evaluation and compliance monitoring; and charter
198 renewal, intervention, and revocation decisions. Nothing shall preclude the
199 department from undertaking an evaluation at any time for cause.

200 (2) If the department determines that a sponsor is in material
201 noncompliance with its sponsorship duties, the sponsor shall be notified and
202 given reasonable time for remediation. If remediation does not address the
203 compliance issues identified by the department, the commissioner of education
204 shall conduct a public hearing and thereafter provide notice to the charter
205 sponsor of corrective action that will be recommended to the state board of
206 education. Corrective action by the department may include withholding the
207 sponsor's funding and suspending the sponsor's authority to sponsor a school that
208 it currently sponsors or to sponsor any additional school until the sponsor is
209 reauthorized by the state board of education under section 160.403.

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

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

219 **18. If a sponsor notifies a charter school of closure under**
220 **subsection 8 of section 160.405, the department of elementary and**
221 **secondary education shall exercise its financial withholding authority**
222 **under subsection 12 of section 160.415 to assure all obligations of the**
223 **charter school shall be met. The state, charter sponsor, or resident**
224 **district shall not be liable for any outstanding liability or obligations**
225 **of the charter school.**

160.403. 1. The department of elementary and secondary education shall
2 establish an annual application and approval process for all entities eligible to
3 sponsor charters as set forth in section 160.400 which are not sponsoring a
4 charter school as of August 28, 2012, **except that the Missouri charter public**

5 **school commission shall not be required to undergo the application and**
6 **approval process.** No later than November 1, 2012, the department shall make
7 available information and guidelines for all eligible sponsors concerning the
8 opportunity to apply for sponsoring authority under this section.

9 2. The application process for sponsorship shall require each interested
10 eligible sponsor, **except for the Missouri charter public school**
11 **commission,** to submit an application by February first that includes the
12 following:

13 (1) Written notification of intent to serve as a charter school sponsor in
14 accordance with sections 160.400 to 160.425 and section 167.349;

15 (2) Evidence of the applicant sponsor's budget and personnel capacity;

16 (3) An outline of the request for proposal that the applicant sponsor
17 would, if approved as a charter sponsor, issue to solicit charter school applicants
18 consistent with sections 160.400 to 160.425 **and section 167.349;**

19 (4) The performance [framework] **contract** that the applicant sponsor
20 would, if approved as a charter sponsor, use to [guide the establishment of a
21 charter contract and for ongoing oversight and a description of how it would]
22 evaluate the charter schools it sponsors; and

23 (5) The applicant sponsor's renewal, revocation, and nonrenewal processes
24 consistent with section 160.405.

25 3. By April first of each year, the department shall decide whether to
26 grant or deny a sponsoring authority to a sponsor applicant. This decision shall
27 be made based on the applicant [charter's] **sponsor's** compliance with sections
28 160.400 to 160.425 **and section 167.349** and properly promulgated rules of the
29 department.

30 4. Within thirty days of the department's decision, the department shall
31 execute a renewable sponsoring contract with each entity it has approved as a
32 sponsor. The term of each authorizing contract shall be six years and renewable.
33 [No eligible sponsor which is not currently sponsoring a charter school as of
34 August 28, 2012, shall commence charter sponsorship without approval from the
35 state board of education and a sponsor contract with the state board of education
36 in effect.]

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] may** be
37 **[renewable] renewed;**

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 **and time frame for**
51 **implementation** between the charter school and the sponsor as to when a
52 sponsor shall intervene in a charter school, when a sponsor shall revoke a charter
53 for failure to comply with subsection 8 of this section, and when a sponsor will
54 not renew a charter under subsection 9 of this section;

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

57 (a) Orderly transition of student records to new schools and archival of
58 student records;

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

61 (c) Submission of final financial reports;

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

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

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

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

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

76 Charter schools operating on August 27, 2012, shall have until August 28, 2015,

77 to meet the requirements of this subsection.

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

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

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

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

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

107 (5) The sponsor of a charter school shall give priority to charter school
108 applicants that propose a school oriented to high-risk students and to the reentry
109 of dropouts into the school system. If a sponsor grants three or more charters,
110 at least one-third of the charters granted by the sponsor shall be to schools that
111 actively recruit dropouts or high-risk students as their student body and address
112 the needs of dropouts or high-risk students through their proposed mission,

113 curriculum, teaching methods, and services. For purposes of this subsection, a
114 "high-risk" student is one who is at least one year behind in satisfactory
115 completion of course work or obtaining high school credits for graduation, has
116 dropped out of school, is at risk of dropping out of school, needs drug and alcohol
117 treatment, has severe behavioral problems, has been suspended from school three
118 or more times, has a history of severe truancy, is a pregnant or parenting teen,
119 has been referred for enrollment by the judicial system, is exiting incarceration,
120 is a refugee, is homeless or has been homeless sometime within the preceding six
121 months, has been referred by an area school district for enrollment in an
122 alternative program, or qualifies as high risk under department of elementary
123 and secondary education guidelines. "Dropout" shall be defined through the
124 guidelines of the school core data report. The provisions of this subsection do not
125 apply to charters sponsored by the state board of education.

126 3. If a charter is approved by a sponsor, the charter application shall be
127 submitted to the state board of education, along with a statement of finding **by**
128 **the sponsor** that the application meets the requirements of sections 160.400 to
129 160.425 and section 167.349 and a monitoring plan under which the charter
130 sponsor shall evaluate the academic performance, **including annual**
131 **performance reports**, of students enrolled in the charter school. The state
132 board of education [may, within sixty days, disapprove the granting of the
133 charter] **shall approve or deny a charter application within sixty days**
134 **of receipt of the application.** The state board of education may [disapprove]
135 **deny** a charter on grounds that the application fails to meet the requirements of
136 sections 160.400 to 160.425 and section 167.349 or that a charter sponsor
137 previously failed to meet the statutory responsibilities of a charter sponsor. **Any**
138 **denial of a charter application made by the state board of education**
139 **shall be in writing and shall identify the specific failures of the**
140 **application to meet the requirements of sections 160.400 to 160.425 and**
141 **section 167.349, and the written denial shall be provided within ten**
142 **business days to the sponsor.**

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

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

146 (2) Comply with laws and regulations of the state, county, or city relating
147 to health, safety, and state minimum educational standards, as specified by the
148 state board of education, including the requirements relating to student discipline

149 under sections 160.261, 167.161, 167.164, and 167.171, notification of criminal
150 conduct to law enforcement authorities under sections 167.115 to 167.117,
151 academic assessment under section 160.518, transmittal of school records under
152 section 167.020, the minimum [number of school days and hours] **amount of**
153 **school time** required under section [160.041] **171.031**, and the employee
154 criminal history background check and the family care safety registry check
155 under section 168.133;

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

159 (4) Be financially accountable, use practices consistent with the Missouri
160 financial accounting manual, provide for an annual audit by a certified public
161 accountant, publish audit reports and annual financial reports as provided in
162 chapter 165, provided that the annual financial report may be published on the
163 department of elementary and secondary education's internet website in addition
164 to other publishing requirements, and provide liability insurance to indemnify the
165 school, its board, staff and teachers against tort claims. A charter school that
166 receives local educational agency status under subsection 6 of this section shall
167 meet the requirements imposed by the Elementary and Secondary Education Act
168 for audits of such agencies and comply with all federal audit requirements for
169 charters with local [education] **educational** agency status. For purposes of an
170 audit by petition under section 29.230, a charter school shall be treated as a
171 political subdivision on the same terms and conditions as the school district in
172 which it is located. For the purposes of securing such insurance, a charter school
173 shall be eligible for the Missouri public entity risk management fund pursuant
174 to section 537.700. A charter school that incurs debt shall include a repayment
175 plan in its financial plan;

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

180 (6) (a) Design a method to measure pupil progress toward the pupil
181 academic standards adopted by the state board of education pursuant to section
182 160.514, establish baseline student performance in accordance with the
183 performance contract during the first year of operation, collect student
184 performance data as defined by the annual performance report throughout the

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

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

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

219 (7) Comply with all applicable federal and state laws and regulations
220 regarding students with disabilities, including sections 162.670 to 162.710, the

221 Individuals with Disabilities Education Act (20 U.S.C. Section 1400) and Section
222 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794) or successor
223 legislation;

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

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

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

233 5. (1) Proposed or existing high-risk or alternative charter schools may
234 include alternative arrangements for students to obtain credit for satisfying
235 graduation requirements in the school's charter application and
236 charter. Alternative arrangements may include, but not be limited to, credit for
237 off-campus instruction, embedded credit, work experience through an internship
238 arranged through the school, and independent studies. When the state board of
239 education approves the charter, any such alternative arrangements shall be
240 approved at such time.

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

246 6. The charter of a charter school may be amended at the request of the
247 governing body of the charter school and on the approval of the sponsor. The
248 sponsor and the governing board and staff of the charter school shall jointly
249 review the school's performance, management and operations during the first year
250 of operation and then every other year after the most recent review or at any
251 point where the operation or management of the charter school is changed or
252 transferred to another entity, either public or private. The governing board of a
253 charter school may amend the charter, if the sponsor approves such amendment,
254 or the sponsor and the governing board may reach an agreement in writing to
255 reflect the charter school's decision to become a local educational agency. In such
256 case the sponsor shall give the department of elementary and secondary

257 education written notice no later than March first of any year, with the
258 agreement to become effective July first. The department may waive the March
259 first notice date in its discretion. The department shall identify and furnish a list
260 of its regulations that pertain to local educational agencies to such schools within
261 thirty days of receiving such notice.

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

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

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

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

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

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

273 8. (1) (a) A sponsor's [intervention] policies shall give schools clear,
274 adequate, evidence-based, and timely notice of contract violations or performance
275 deficiencies and mandate intervention based upon findings of the state board of
276 education of the following:

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

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

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

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

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

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

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

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

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

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

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

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

324 9. (1) A sponsor shall take all reasonable steps necessary to confirm that
325 each charter school sponsored by such sponsor is in material compliance and
326 remains in material compliance with all material provisions of the charter and
327 sections 160.400 to 160.425 and 167.349. Every charter school shall provide all
328 information necessary to confirm ongoing compliance with all provisions of its

329 charter and sections 160.400 to 160.425 and 167.349 in a timely manner to its
330 sponsor.

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

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

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

341 a. A negative balance in its operating funds;

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

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

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

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

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

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

363 (c) Using the data requested and the revised charter application under
364 paragraphs (a) and (b) of this subdivision, the state board of education shall

365 determine if compliance with all standards enumerated in this subdivision has
366 been achieved. The state board of education at its next regularly scheduled
367 meeting shall vote on the revised charter application.

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

370 10. A school district may enter into a lease with a charter school for
371 physical facilities.

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

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

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

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

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

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

398 **15. The department of elementary and secondary education shall**
399 **calculate an annual performance report for each charter school and**
400 **shall publish it in the same manner as annual performance reports are**

401 calculated and published for districts and attendance centers.

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

 160.408. 1. For purposes of this section, "high-quality charter
2 school" means a charter school operating in the state of Missouri that
3 meets the following requirements:

4 (1) Receives eighty-five percent or more of the total points on the
5 annual performance report for three out of the last four school years
6 by comparing points earned to the points possible on the annual
7 performance report for three of the last four school years;

8 (2) Maintains a graduation rate of at least eighty percent for
9 three of the last four school years, if the charter school provides a high
10 school program;

11 (3) Is in material compliance with its legally binding
12 performance contract and sections 160.400 to 160.425 and section
13 167.349; and

14 (4) Is organizationally and fiscally viable as described in
15 paragraph (b) of subdivision (2) of subsection 9 of section 160.405.

16 2. Notwithstanding any other provision of law, high-quality
17 charter schools shall be provided expedited opportunities to replicate
18 and expand into unaccredited districts, a metropolitan district, or an
19 urban school district containing most or all of a home rule city with
20 more than four hundred thousand inhabitants and located in more than
21 one county. Such replication and expansion shall be subject to the
22 following:

23 (1) The school seeking to replicate or expand shall submit its
24 proposed charter to a proposed sponsor. The charter shall include a
25 legally binding performance contract that meets the requirements of
26 sections 160.400 to 160.425 and section 167.349;

27 (2) The sponsor's decision to approve or deny shall be made
28 within sixty days of the filing of the proposed charter with the
29 proposed sponsor;

30 (3) If a charter is approved by a sponsor, the charter application
31 shall be filed with the state board of education with a statement of

32 **finding from the sponsor that the application meets the requirements**
33 **of sections 160.400 to 160.425 and section 167.349 and a monitoring plan**
34 **under which the sponsor shall evaluate the academic performance of**
35 **students enrolled in the charter school. Such filing shall be made by**
36 **January thirty-first prior to the school year in which the charter school**
37 **intends to begin operations.**

38 **3. The term of the charter for schools operating under this**
39 **section shall be five years, and the charter may be renewed for terms**
40 **of up to ten years. Renewal shall be subject to the provisions of**
41 **paragraphs (a) to (d) of subdivision (3) of subsection 9 of section**
42 **160.405.**

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;

5 (3) **Nonresident pupils who transfer from an unaccredited**
6 **district under section 167.131, provided that the charter school is an**
7 **approved charter school, as defined in section 167.131, and subject to**
8 **all other provisions of section 167.131;**

9 (4) In the case of a charter school whose mission includes student
10 drop-out prevention or recovery, any nonresident pupil from the same or an
11 adjacent county who resides in a residential care facility, a transitional living
12 group home, or an independent living program whose last school of enrollment is
13 in the school district where the charter school is established, who submits a
14 timely application; and

15 [(4)] (5) In the case of a workplace charter school, any student eligible
16 to attend under subdivision (1) or (2) of this subsection whose parent is employed
17 in the business district, who submits a timely application, unless the number of
18 applications exceeds the capacity of a program, class, grade level or building. The
19 configuration of a business district shall be set forth in the charter and shall not
20 be construed to create an undue advantage for a single employer or small number
21 of employers.

22 2. If capacity is insufficient to enroll all pupils who submit a timely
23 application, the charter school shall have an admissions process that assures all
24 applicants of an equal chance of gaining admission **and does not discriminate**
25 **based on parents' ability to pay fees or tuition** except that:

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

31 (2) A charter school may also give a preference for admission of children
32 whose siblings attend the school or whose parents are employed at the school or
33 in the case of a workplace charter school, a child whose parent is employed in the
34 business district or at the business site of such school; and

35 (3) Charter alternative and special purpose schools may also give a
36 preference for admission to high-risk students, as defined in subdivision (5) of
37 subsection 2 of section 160.405, when the school targets these students through
38 its proposed mission, curriculum, teaching methods, and services.

39 3. A charter school shall not limit admission based on race, ethnicity,
40 national origin, disability, income level, proficiency in the English language or
41 athletic ability, but may limit admission to pupils within a given age group or
42 grade level. Charter schools may limit admission based on gender only when the
43 school is a single-gender school. Students of a charter school [that are present
44 for the January membership count as defined in section 163.011] **who have**
45 **been enrolled for a full academic year** shall be counted in the performance
46 of the charter school on the statewide assessments in that calendar year, unless
47 otherwise exempted as English language learners. **For purposes of this**
48 **subsection, "full academic year" means the last Wednesday in September**
49 **through the administration of the Missouri assessment program test**
50 **without transferring out of the school and re-enrolling.**

51 4. [The department of elementary and secondary education shall
52 commission a study of the performance of students at each charter school in
53 comparison with an equivalent group of district students representing an
54 equivalent demographic and geographic population and a study of the impact of
55 charter schools upon the constituents they serve in the districts in which they are
56 located, to be conducted by the joint committee on education. The charter school
57 study shall include analysis of the administrative and instructional practices of
58 each charter school and shall include findings on innovative programs that
59 illustrate best practices and lend themselves to replication or incorporation in
60 other schools. The joint committee on education shall coordinate with individuals
61 representing charter schools and the districts in which charter schools are located

62 in conducting the study. The study of a charter school's student performance in
63 relation to a comparable group shall be designed to provide information that
64 would allow parents and educators to make valid comparisons of academic
65 performance between the charter school's students and an equivalent group of
66 district students representing an equivalent demographic and geographic
67 population. The student performance assessment and comparison shall include,
68 but may not be limited to:

69 (1) Missouri assessment program test performance and aggregate growth
70 over several years;

71 (2) Student reenrollment rates;

72 (3) Educator, parent, and student satisfaction data;

73 (4) Graduation rates in secondary programs; and

74 (5) Performance of students enrolled in the same public school for three
75 or more consecutive years. The impact study shall be undertaken every two years
76 to determine the impact of charter schools on the constituents they serve in the
77 districts where charter schools are operated. The impact study shall include, but
78 is not limited to, determining if changes have been made in district policy or
79 procedures attributable to the charter school and to perceived changes in
80 attitudes and expectations on the part of district personnel, school board
81 members, parents, students, the business community and other education
82 stakeholders. The department of elementary and secondary education shall make
83 the results of the studies public and shall deliver copies to the governing boards
84 of the charter schools, the sponsors of the charter schools, the school board and
85 superintendent of the districts in which the charter schools are operated.

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

90 (1) The school's charter;

91 (2) The school's most recent annual report card published according to
92 section 160.522;

93 (3) The results of background checks on the charter school's board
94 members; and

95 (4) If a charter school is operated by a management company, a copy of
96 the written contract between the governing board of the charter school and the
97 educational management organization or the charter management organization

98 for services. The charter school may charge reasonable fees, not to exceed the
99 rate specified in section 610.026 for furnishing copies of documents under this
100 subsection.

101 [6.] 5. When a student attending a charter school who is a resident of the
102 school district in which the charter school is located moves out of the boundaries
103 of such school district, the student may complete the current semester and shall
104 be considered a resident student. The student's parent or legal guardian shall
105 be responsible for the student's transportation to and from the charter school.

106 [7.] 6. If a change in school district boundary lines occurs under section
107 162.223, 162.431, 162.441, or 162.451, or by action of the state board of education
108 under section 162.081, including attachment of a school district's territory to
109 another district or dissolution, such that a student attending a charter school
110 prior to such change no longer resides in a school district in which the charter
111 school is located, then the student may complete the current academic year at the
112 charter school. The student shall be considered a resident student. The student's
113 parent or legal guardian shall be responsible for the student's transportation to
114 and from the charter school.

115 [8.] 7. The provisions of sections 167.018 and 167.019 concerning foster
116 children's educational rights are applicable to charter schools.

160.415. 1. For the purposes of calculation and distribution of state
2 school aid under section 163.031, pupils enrolled in a charter school shall be
3 included in the pupil enrollment of the school district within which each pupil
4 resides. Each charter school shall report the names, addresses, and eligibility for
5 free and reduced **price** lunch, special education, or limited English proficiency
6 status, as well as eligibility for categorical aid, of pupils resident in a school
7 district who are enrolled in the charter school to the school district in which those
8 pupils reside. The charter school shall report the average daily attendance data,
9 free and reduced **price** lunch count, special education pupil count, and limited
10 English proficiency pupil count to the state department of elementary and
11 secondary education. Each charter school shall promptly notify the state
12 department of elementary and secondary education and the pupil's school district
13 when a student discontinues enrollment at a charter school.

14 2. Except as provided in subsections 3 and 4 of this section, the aid
15 payments for charter schools shall be as described in this subsection.

16 (1) A school district having one or more resident pupils attending a
17 charter school shall pay to the charter school an annual amount equal to the

18 product of the charter school's weighted average daily attendance and the state
19 adequacy target, multiplied by the dollar value modifier for the district, plus local
20 tax revenues per weighted average daily attendance from the incidental and
21 teachers' funds in excess of the performance levy as defined in section 163.011
22 plus all other state aid attributable to such pupils.

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

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

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

32 (5) A school district shall pay the amounts due pursuant to this subsection
33 as the disbursement agent and no later than twenty days following the receipt of any
34 such funds. The department of elementary and secondary education shall pay the
35 amounts due when it acts as the disbursement agent within five days of the required
36 due date.

37 3. A workplace charter school shall receive payment for each eligible pupil
38 as provided under subsection 2 of this section, except that if the student is not a
39 resident of the district and is participating in a voluntary interdistrict transfer
40 program, the payment for such pupils shall be the same as provided under section
41 162.1060.

42 4. A charter school that has declared itself as a local educational agency
43 shall receive from the department of elementary and secondary education an
44 annual amount equal to the product of the charter school's weighted average daily
45 attendance and the state adequacy target, multiplied by the dollar value modifier
46 for the district, plus local tax revenues per weighted average daily attendance
47 from the incidental and teachers funds in excess of the performance levy as
48 defined in section 163.011 plus all other state aid attributable to such pupils. If
49 a charter school declares itself as a local [education] **educational** agency, the
50 department of elementary and secondary education shall, upon notice of the
51 declaration, reduce the payment made to the school district by the amount
52 specified in this subsection and pay directly to the charter school the annual
53 amount reduced from the school district's payment.

54 5. If a school district fails to make timely payments of any amount for
55 which it is the disbursal agent, the state department of elementary and secondary
56 education shall authorize payment to the charter school of the amount due
57 pursuant to subsection 2 of this section and shall deduct the same amount from
58 the next state school aid apportionment to the owing school district. If a charter
59 school is paid more or less than the amounts due pursuant to this section, the
60 amount of overpayment or underpayment shall be adjusted equally in the next
61 twelve payments by the school district or the department of elementary and
62 secondary education, as appropriate. Any dispute between the school district and
63 a charter school as to the amount owing to the charter school shall be resolved by
64 the department of elementary and secondary education, and the department's
65 decision shall be the final administrative action for the purposes of review
66 pursuant to chapter 536. During the period of dispute, the department of
67 elementary and secondary education shall make every administrative and
68 statutory effort to allow the continued education of children in their current
69 public charter school setting.

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

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

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

86 (2) Provide a term sheet setting forth the proposed duration of the service
87 contract; roles and responsibilities of the governing board, the school staff, and
88 the service provider; scope of services and resources to be provided by the service
89 provider; performance evaluation measures and time lines; compensation

90 structure, including clear identification of all fees to be paid to the service
91 provider; methods of contract oversight and enforcement; investment disclosure;
92 and conditions for renewal and termination of the contract;

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

95 (4) Disclose and explain any termination or nonrenewal of contracts for
96 equivalent services for any other charter school in the United States within the
97 past five years;

98 (5) Ensure that the legal counsel for the charter school shall report
99 directly to the charter school's governing board; and

100 (6) Provide a process to ensure that the expenditures that the
101 [educational] **education** service provider intends to bill to the charter school
102 shall receive prior approval of the governing board or its designee.

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

106 9. A charter school shall be eligible for transportation state aid pursuant
107 to section 163.161 and shall be free to contract with the local district, or any
108 other entity, for the provision of transportation to the students of the charter
109 school.

110 10. (1) The proportionate share of state and federal resources generated
111 by students with disabilities or staff serving them shall be paid in full to charter
112 schools enrolling those students by their school district where such enrollment is
113 through a contract for services described in this section. The proportionate share
114 of money generated under other federal or state categorical aid programs shall
115 be directed to charter schools serving such students eligible for that aid.

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

119 11. A charter school may not charge tuition[, nor may it] **or** impose fees
120 that a school district is prohibited from **charging or** imposing **except that a**
121 **charter school may receive tuition payments from districts in the same**
122 **or an adjoining county for nonresident students who transfer to an**
123 **approved charter school, as defined in section 167.131, from an**
124 **unaccredited district.**

125 12. A charter school is authorized to incur debt in anticipation of receipt

126 of funds. A charter school may also borrow to finance facilities and other capital
127 items. A school district may incur bonded indebtedness or take other measures
128 to provide for physical facilities and other capital items for charter schools that
129 it sponsors or contracts with. **Except as otherwise specifically provided in**
130 **sections 160.400 to 160.425**, upon the dissolution of a charter school, any
131 liabilities of the corporation will be satisfied through the procedures of chapter
132 355. **A charter school shall satisfy all its financial obligations within**
133 **twelve months of notice from the sponsor of the charter school's closure**
134 **under subsection 8 of section 160.405. After satisfaction of all its**
135 **financial obligations, a charter school shall return any remaining state**
136 **and federal funds to the department of elementary and secondary**
137 **education for disposition as stated in subdivision (17) of subsection 1**
138 **of section 160.405.** The department of elementary and secondary education
139 may withhold funding at a level the department determines to be adequate
140 during a school's last year of operation until the department determines that
141 school records, liabilities, and reporting requirements, including a full audit, are
142 satisfied.

143 13. Charter schools shall not have the power to acquire property by
144 eminent domain.

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

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; **or**
- 19 **(3) Due to insufficient fund balances or reserves, incurred debt**
- 20 **after January thirty-first and before July first during the most recently**
- 21 **completed fiscal year in order to meet expenditures of the charter**
- 22 **school.**

23 3. The sponsor shall notify by November first the governing board of the

24 charter school identified as experiencing financial stress. Upon receiving the

25 notification, the governing board shall develop, or cause to have developed, and

26 shall approve a budget and education plan on forms provided by the sponsor. The

27 budget and education plan shall be submitted to the sponsor, signed by the

28 officers of the charter school, within forty-five calendar days of notification that

29 the charter school has been identified as experiencing financial

30 stress. Minimally, the budget and education plan shall:

31 (1) Give assurances that adequate educational services to students of the

32 charter school shall continue uninterrupted for the remainder of the current

33 school year and that the charter school can provide the minimum [number of

34 school days and hours] **amount of school time** required by section

35 **[160.041] 171.031;**

36 (2) Outline a procedure to be followed by the charter school to report to

37 charter school patrons about the financial condition of the charter school; and

38 (3) Detail the expenditure reduction measures, revenue increases, or other

39 actions to be taken by the charter school to address its condition of financial

40 stress.

41 4. Upon receipt and following review of any budget and education plan,

42 the sponsor may make suggestions to improve the plan. Nothing in sections

43 160.400 to 160.425 or section 167.349 shall exempt a charter school from

44 submitting a budget and education plan to the sponsor according to the provisions

45 of this section following each such notification that a charter school has been

46 identified as experiencing financial stress, except that the sponsor may permit a

47 charter school's governing board to make amendments to or update a budget and

48 education plan previously submitted to the sponsor.

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

163.018. 1. Notwithstanding the definition of "average daily attendance"
2 in subdivision (2) of section 163.011 to the contrary, pupils between the ages of
3 three and five who are eligible for free and reduced lunch and attend an early
4 childhood education program:

5 **(1)** That is operated by and in a district or by a charter school that has
6 declared itself as a local educational agency providing full-day kindergarten and
7 that meets standards established by the state board of education; **or**

8 **(2) That is under contract with a district or charter school that**
9 **has declared itself as a local educational agency and that meets**
10 **standards established by the state board of education** shall be included
11 in the district's or charter school's calculation of average daily attendance. The
12 total number of such pupils included in the district's or charter school's
13 calculation of average daily attendance shall not exceed four percent of the total
14 number of pupils who are eligible for free and reduced lunch between the ages of
15 **[three] five** and eighteen who are included in the district's or charter school's
16 calculation of average daily attendance.

17 2. (1) For any district that has been declared unaccredited by the state
18 board of education and remains unaccredited as of July 1, 2015, the provisions of
19 subsection 1 of this section shall become applicable during the 2015-16 school
20 year.

21 (2) For any district that is declared unaccredited by the state board of
22 education after July 1, 2015, **and for any charter school located in said**
23 **district**, the provisions of subsection 1 of this section shall become applicable
24 immediately upon such declaration.

25 (3) For any district that has been declared provisionally accredited by the
26 state board of education and remains provisionally accredited as of July 1, 2016,
27 **and for any charter school located in said district**, the provisions of
28 subsection 1 of this section shall become applicable beginning in the 2016-17
29 school year.

30 (4) For any district that is declared provisionally accredited by the state
31 board of education after July 1, 2016, **and for any charter school located in**
32 **said district**, the provisions of this section shall become applicable beginning in
33 the 2016-17 school year or immediately upon such declaration, whichever is later.

34 (5) For all other districts **and for all other charter schools**, the
35 provisions of subsection 1 of this section shall become effective in any school year
36 subsequent to a school year in which the amount appropriated for subsections 1
37 and 2 of section 163.031 is equal to or exceeds the amount necessary to fund the
38 entire entitlement calculation determined by subsections 1 and 2 of section
39 163.031, and shall remain effective in all school years thereafter, irrespective of
40 the amount appropriated for subsections 1 and 2 of section 163.031 in any
41 succeeding year.

42 3. This section shall not require school attendance beyond that mandated
43 under section 167.031 and shall not change or amend the provisions of sections
44 160.051, 160.053, 160.054, and 160.055 relating to kindergarten attendance.

163.036. 1. In computing the amount of state aid a school district is
2 entitled to receive for the minimum school term only under section 163.031, a
3 school district may use an estimate of the weighted average daily attendance for
4 the current year, or the weighted average daily attendance for the immediately
5 preceding year or the weighted average daily attendance for the second preceding
6 school year, whichever is greater. Beginning with the 2006-07 school year, the
7 summer school attendance included in the average daily attendance as defined
8 in subdivision (2) of section 163.011 shall include only the attendance hours of
9 pupils that attend summer school in the current year. Beginning with the
10 2004-05 school year, when a district's official calendar for the current year
11 contributes to a more than ten percent reduction in the average daily attendance
12 for kindergarten compared to the immediately preceding year, the payment
13 attributable to kindergarten shall include only the current year kindergarten
14 average daily attendance. Any error made in the apportionment of state aid
15 because of a difference between the actual weighted average daily attendance and
16 the estimated weighted average daily attendance shall be corrected as provided
17 in section 163.091, except that if the amount paid to a district estimating
18 weighted average daily attendance exceeds the amount to which the district was
19 actually entitled by more than five percent, interest at the rate of six percent
20 shall be charged on the excess and shall be added to the amount to be deducted
21 from the district's apportionment the next succeeding year.

22 2. Notwithstanding the provisions of subsection 1 of this section or any
23 other provision of law, the state board of education shall make an adjustment for
24 the immediately preceding year for any increase in the actual weighted average
25 daily attendance above the number on which the state aid in section 163.031 was

26 calculated. Said adjustment shall be made in the manner providing for correction
27 of errors under subsection 1 of this section.

28 3. Any error made in the apportionment of state aid because of a
29 difference between the actual equalized assessed valuation for the current year
30 and the estimated equalized assessed valuation for the current year shall be
31 corrected as provided in section 163.091, except that if the amount paid to a
32 district estimating current equalized assessed valuation exceeds the amount to
33 which the district was actually entitled, interest at the rate of six percent shall
34 be charged on the excess and shall be added to the amount to be deducted from
35 the district's apportionment the next succeeding year.

36 4. For the purposes of distribution of state school aid pursuant to section
37 163.031, a school district with ten percent or more of its assessed valuation that
38 is owned by one person or corporation as commercial or personal property who is
39 delinquent in a property tax payment may elect, after receiving notice from the
40 county clerk on or before March fifteenth that more than ten percent of its
41 current taxes due the preceding December thirty-first by a single property owner
42 are delinquent, to use in the local effort calculation of the state aid formula the
43 district's equalized assessed valuation for the preceding year or the actual
44 assessed valuation of the year for which the taxes are delinquent less the
45 assessed valuation of property for which the current year's property tax is
46 delinquent. To qualify for use of the actual assessed valuation of the year for
47 which the taxes are delinquent less the assessed valuation of property for which
48 the current year's property tax is delinquent, a district must notify the
49 department of elementary and secondary education on or before April first, except
50 in the year enacted, of the current year amount of delinquent taxes, the assessed
51 valuation of such property for which delinquent taxes are owed and the total
52 assessed valuation of the district for the year in which the taxes were due but not
53 paid. Any district giving such notice to the department of elementary and
54 secondary education shall present verification of the accuracy of such notice
55 obtained from the clerk of the county levying delinquent taxes. When any of the
56 delinquent taxes identified by such notice are paid during a four-year period
57 following the due date, the county clerk shall give notice to the district and the
58 department of elementary and secondary education, and state aid paid to the
59 district shall be reduced by an amount equal to the delinquent taxes received plus
60 interest. The reduction in state aid shall occur over a period not to exceed five
61 years and the interest rate on excess state aid not refunded shall be six percent

62 annually.

63 5. If a district receives state aid based on equalized assessed valuation as
64 determined by subsection 4 of this section and if prior to such notice the district
65 was paid state aid pursuant to section 163.031, the amount of state aid paid
66 during the year of such notice and the first year following shall equal the sum of
67 state aid paid pursuant to section 163.031 plus the difference between the state
68 aid amount being paid after such notice minus the amount of state aid the district
69 would have received pursuant to section 163.031 before such notice. To be
70 eligible to receive state aid based on this provision the district must levy during
71 the first year following such notice at least the maximum levy permitted school
72 districts by Article X, Section 11(b) of the Missouri Constitution and have a
73 voluntary rollback of its tax rate which is no greater than one cent per one
74 hundred dollars assessed valuation.

75 **6. Notwithstanding the provisions of subsection 1 of this**
76 **subsection, any district in which the local school board sponsors a**
77 **charter school as provided in section 160.400 shall use only an estimate**
78 **of the district's weighted average daily attendance for the current year**
79 **and shall not use a weighted average daily attendance count from any**
80 **preceding year for purposes of determining the amount of state aid to**
81 **which the district is entitled.**

167.131. 1. The board of education of each district in this state that does
2 not maintain an accredited school pursuant to the authority of the state board of
3 education to classify schools as established in section 161.092 shall pay the
4 tuition of and provide transportation consistent with the provisions of section
5 167.241 for each pupil resident therein who attends an accredited school in
6 another district of the same or an adjoining county **or who attends an**
7 **approved charter school in the same or an adjoining county.**

8 2. The rate of tuition to be charged by the district attended and paid by
9 the sending district is the per pupil cost of maintaining the district's grade level
10 grouping which includes the school attended. **The rate of tuition to be**
11 **charged by the approved charter school attended and paid by the**
12 **sending district is the per pupil cost of maintaining the approved**
13 **charter school's grade level grouping. For a district, the cost of**
14 maintaining a grade level grouping shall be determined by the board of education
15 of the district but in no case shall it exceed all amounts spent for teachers' wages,
16 incidental purposes, debt service, maintenance and replacements. **For an**

17 **approved charter school, the cost of maintaining a grade level grouping**
18 **shall be determined by the approved charter school but in no case shall**
19 **it exceed all amounts spent by the district in which the approved**
20 **charter school is located for teachers' wages, incidental purposes, debt**
21 **service, maintenance, and replacements.** The term "debt service", as used
22 in this section, means expenditures for the retirement of bonded indebtedness and
23 expenditures for interest on bonded indebtedness. Per pupil cost of the grade
24 level grouping shall be determined by dividing the cost of maintaining the grade
25 level grouping by the average daily pupil attendance. If there is disagreement as
26 to the amount of tuition to be paid, the facts shall be submitted to the state board
27 of education, and its decision in the matter shall be final. Subject to the
28 limitations of this section, each pupil shall be free to attend the public school of
29 his or her choice.

30 **3. For purposes of this section, "approved charter school" means**
31 **a charter school that has existed for less than three years or a charter**
32 **school with a three-year average score of seventy percent or higher on**
33 **its annual performance report.**

167.241. Transportation for pupils whose tuition the district of residence
2 is required to pay by section 167.131 or who are assigned as provided in section
3 167.121 shall be provided by the district of residence; however, in the case of
4 pupils covered by section 167.131, the district of residence shall be required to
5 provide transportation only to **approved charter schools**, school districts
6 accredited by the state board of education pursuant to the authority of the state
7 board of education to classify schools as established in section 161.092, and those
8 school districts designated by the board of education of the district of residence.

Section B. Because of the importance of funding early childhood education
2 programs, section 163.018 of this act is deemed necessary for the immediate
3 preservation of the public health, welfare, peace, and safety, and is hereby
4 declared to be an emergency act within the meaning of the constitution, and
5 section 163.018 of this act shall be in full force and effect upon its passage and
6 approval.

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