

SENATE COMMITTEE SUBSTITUTE

FOR

SENATE BILL NO. 271

AN ACT

To repeal sections 160.400, 160.403, 160.405, 160.408, 160.410, 160.415, 160.417, and 160.425, RSMo, and to enact in lieu thereof ten 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Section A. Sections 160.400, 160.403, 160.405, 160.408, 160.410, 160.415, 160.417, and 160.425, RSMo, are repealed and ten new sections enacted in lieu thereof, to be known as sections 160.400, 160.401, 160.402, 160.403, 160.405, 160.408, 160.410, 160.415, 160.417, and 160.425, to read as follows:

160.400. 1. [A charter school is an independent public school.] As used in section 160.400 to 160.425, the following terms shall mean:

(1) "Applicant", any person or group that develops and submits an application for a charter school to a sponsor;

(2) "Application", a proposal from an applicant to a sponsor to enter into a charter contract where the proposed school obtains charter status. An approved application shall not serve as the applicant's charter contract;

(3) "Charter contract", a fixed term, renewable, and legally binding contract between a charter school and a sponsor that outlines the roles, powers, and responsibilities, and academic performance terms of each party to the contract;

(4) "Charter school", a public school that:

(a) Has autonomy over decisions including, but not limited to, matters concerning finance, personnel, scheduling, curriculum, and instruction;

(b) Is governed by an independent governing board;

(c) Is established and operating under the terms of a charter contract between the board and its sponsor;

(d) Is a school to which parents choose to send their children;

(e) Is a school that admits students on the basis of a lottery as provided by law if more students apply for admission than can be accommodated;

(f) Provides a program of education that includes one or more of the following: preschool, pre-kindergarten, any grade or grades from kindergarten through grade twelve, and adult community, continuing, and vocational and technical education programs as set forth in its charter contract;

(g) Operates in pursuit of a specific set of educational objectives as set forth in its charter contract; and

(h) Operates under the oversight of its sponsor rather than the department in accordance with its charter contract;

(5) "Commission", the Missouri charter public school commission established in section 160.425;

(6) "Department", the Missouri department of elementary and secondary education;

(7) "Governing board", the independent board of a charter school that is a party to the charter contract with the sponsor, whose members have been elected or selected in accordance with

the charter school's board bylaws and charter contract;

(8) "High-needs students", students at risk of educational failure or otherwise in need of special assistance and support, such as students who are living in poverty, who are performing at far below grade level, who have left school before receiving a regular high school diploma, who are at risk of not graduating with a diploma on time, who are homeless, who are in foster care, who have been incarcerated, who have disabilities, or who are English learners;

(9) "Local education agency", a public authority legally constituted by the state as an administrative agency to provide control of and direction for kindergarten through grade twelve public educational institutions;

(10) "Sponsor", an entity authorized to review applications, decide whether to approve or reject applications, enter into charter contracts with applicants, oversee charter schools, and decide whether to renew, not renew, or revoke charter contracts.

2. [Except as further provided in subsection 4 of this section,] Charter schools may be operated only:

(1) In a metropolitan school district;

(2) In an urban school district containing most or all of a city with a population greater than three hundred fifty thousand inhabitants;

(3) In a school district that has been classified as unaccredited by the state board of education;

(4) In a school district that has been classified as provisionally accredited by the state board of education [and] or

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

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

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

(5) In a school district that has been classified as accredited without provisions, [sponsored only by the local school board; provided that no board] under the following conditions:

(a) The sponsor is limited to the local school board; and

(b) No sponsor under this subdivision with a current year enrollment of one thousand five hundred fifty students or greater shall permit more than thirty-five percent of its student enrollment to enroll in charter schools [sponsored by the local board under the authority of this subdivision], except that this restriction shall not apply to any school district that subsequently becomes eligible under subdivision (3) or (4) of

this subsection or to any district accredited without provisions that sponsors charter schools prior to having a current year student enrollment of one thousand five hundred fifty students or greater.

3. [Except as further provided in subsection 4 of this section,] The following entities are eligible to be a sponsor [charter schools]:

(1) The school board [of the district] in any district [which is sponsoring a charter school as of August 27, 2012, as permitted] in which a charter school may be operated under subdivision (1) [or], (2), or (5) of subsection 2 of this section[, the special administrative board of a metropolitan school district during any time in which powers granted to the district's board of education are vested in a special administrative board, or if the state board of education appoints a special administrative board to retain the authority granted to the board of education of an urban school district containing most or all of a city with a population greater than three hundred fifty thousand inhabitants, the special administrative board of such school district];

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

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

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

program;

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

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

4. Changes in a school district's accreditation status [that] shall not affect [charter schools shall be addressed as follows, except for the districts described in] the operation or sponsorship of charter schools that commenced operation in accordance with subdivisions [(1) and (2)] (3) to (5) of subsection 2 of this section[:

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

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

(3) In any school district classified as unaccredited or provisionally accredited where a charter school is operating and is sponsored by an entity other than the local school board, when the school district becomes classified as accredited without provisions, a charter school may continue to be sponsored by the

entity sponsoring it prior to the classification of accredited without provisions and shall not be limited to the local school board as a sponsor.

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

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

[6.] 5. No sponsor shall receive from an applicant [for a charter school], nor shall any applicant receive from a sponsor any fee of any type for the consideration of [a] an application or charter contract, nor [may] shall a sponsor or applicant condition its consideration of [a charter] an application or charter contract on the promise of future payment of any kind.

[7. The] 6. A charter school shall be organized as a Missouri nonprofit corporation incorporated pursuant to, and governed by chapter 355. [The charter provided for herein shall constitute a contract between the sponsor and the charter school.]

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

[9.] 8. A sponsor of a charter school, its agents and employees [are not] shall not be financially liable for any acts or omissions of a charter school that it sponsors, including acts or omissions relating to the charter contract submitted by the charter school, the operation of the charter school and the performance of the charter school.

[10.] 9. A charter school may affiliate with a four-year college or university, including a private college or university, [or] a community college, or vocational or technical school as [otherwise] specified in subsection 3 of this section when its charter is granted by a sponsor other than such college, university [or], community college, or vocational or technical school. Affiliation status recognizes a relationship between the charter school and the college or university for purposes of teacher training and staff development, curriculum and assessment development, use of physical facilities owned by or rented on behalf of the college or university, and other similar purposes.

A university, college [or], community college, or vocational or technical school may not charge or accept a fee for affiliation status.

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

(1) Expends no less than ninety percent of its charter school sponsorship funds in support of its charter school sponsorship program[, or as a]. Any direct investment in the sponsored schools shall be made as a pro rata distribution to all sponsored schools;

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

(3) Negotiates contracts with charter schools that clearly articulate the rights and responsibilities of each party regarding school autonomy, expected outcomes, measures for

evaluating success or failure, performance consequences based on the [annual performance report] performance provisions in the charter contract, and other material terms;

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

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

(6) Fulfills its sponsorship obligations under this section to section 160.425, and section 167.349, with regard to each charter school it sponsors; and

(7) Expends its charter school sponsorship funds in a manner that avoids conflicts of interest, inducements, or incentives that might compromise the sponsor's judgment in charter approval and accountability decisions;

(8) Any dispute between the sponsor and the department shall be resolved using the provisions of chapter 536 except that a sponsor shall not be required to exhaust any administrative remedies before seeking judicial relief.

[12.] 11. Sponsors receiving funds under subsection [11] 10 of this section shall be required to submit annual reports to the joint committee on education demonstrating they are in compliance with subsection [17] 16 of this section.

[13.] 12. No [university, college or community college shall grant a charter to a nonprofit corporation if an employee of the university, college or community college is a member of

the corporation's board of directors] employee, trustee, agent, or representative of a sponsor shall simultaneously serve as an employee, trustee, agency representative, vendor, or contractor of a charter school sponsored by such entity. This section shall not apply to members of such governing boards holding office prior to the effective date of this section.

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

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

[16.] 15. A sponsor shall develop the policies and

procedures for:

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

(2) The granting of [a charter] an application;

(3) The performance [contract] framework that the sponsor will use to evaluate the performance of charter schools.

[Charter schools shall meet current state academic performance standards as well as other standards agreed upon by the sponsor and the charter school in the performance contract] A performance framework shall clearly set forth the academic and operational performance indicators, measures, and metrics that shall guide the sponsor's evaluation. The performance framework shall include, but not be limited to, current state academic performance standards;

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

(5) Additional criteria that the sponsor will use for

ongoing oversight of the charter; [and]

(6) Protocol and procedures to be implemented if a charter school should close, consistent with the provisions of subsection 1 of section 160.402 and subdivision (15) of subsection 1 of section 160.405; and

(7) Sponsor conflicts of interest and ethics.

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

[17.] 16. (1) A sponsor shall provide timely submission to the [state board of education] department of all data necessary to demonstrate that the sponsor is in material compliance with all requirements of sections 160.400 to 160.425 and section 167.349. The [state board of education] department shall ensure each sponsor is in compliance with all requirements under sections 160.400 to 160.425 and 167.349 for each charter school sponsored by any sponsor. The [state board] department shall notify each sponsor of the standards for sponsorship of charter schools, delineating both what is mandated by statute and what best practices dictate. The [state board] department shall evaluate sponsors to determine compliance with these standards every three years. The evaluation shall include a sponsor's policies and procedures in the areas of [charter] application approval; required charter agreement terms and content; sponsor performance evaluation and compliance monitoring; and charter contract renewal, intervention, and revocation decisions. [Nothing shall preclude the department from undertaking an evaluation at any time for cause.]

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

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

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

[18.] 17. If a sponsor notifies a charter school of closure under subsection 8 of section 160.405, the department [of

elementary and secondary education] shall exercise its financial withholding authority under subsection 12 of section 160.415 to assure all obligations of the charter school shall be met. The state, [charter] sponsor, or resident district shall not be liable for any outstanding liability or obligations of the charter school. The transferring of assets or operational control from one charter school to another, with sponsor approval, shall not constitute closure of a charter school.

18. If a charter school fails to receive a renewal of its charter contract after a three-year term as described in paragraph (d) of subdivision (3) of subsection 9 of section 160.405, the sponsor at the time of the failure of renewal shall not sponsor any new charter schools until the department has completed an evaluation and the sponsor has received notice that it is compliant with all requirements and meeting state standards. The evaluation by the department shall determine whether the sponsor meets the state standards of sponsorship and was in compliance with requirements under sections 160.400 to 160.425 and 167.349 for all charter schools sponsored by the sponsor.

160.401. 1. No charter school shall be required to purchase services from its sponsor as a condition of charter approval, or of executing a charter contract, nor may any such condition be implied.

2. A charter school may, at its discretion, choose to purchase services from its sponsor. In such event, the charter school and sponsor shall execute an annual service contract, separate from the charter contract, stating the parties' mutual

agreement concerning any services to be provided by the sponsor and any service fees to be charged to the charter school. A sponsor may not charge more than market rates for services provided to a charter school.

3. Within thirty days after the end of each fiscal year, each sponsor shall provide to each charter school it oversees an itemized accounting of the actual costs of services purchased by the charter school from the sponsor. Any difference between the amount initially charged to the charter school and the actual cost shall be reconciled and paid to the owed party. If either party disputes the itemized accounting, or charges to either party, the disputing party is entitled to request a third party review at its own expense. The review shall be conducted by the department, whose determination shall be final.

160.402. 1. In the event of a charter school closure for any reason, the sponsor shall oversee and work with the closing school to ensure a smooth, orderly, and complete closure and transition for students and parents, as guided by the closure protocol and procedures. Closure, including the dissolution of the charter school and disposition of its property, shall be governed by the charter contract and this section. Any disagreement or dispute arising between a charter school, sponsor, or third party during, or as a result of closure shall be resolved in accordance with chapter 355. A court appointing a receiver in a charter school dissolution proceeding shall give preference to the charter school's sponsor as an appointee. Closure is not final until all school property is disposed of and records are transferred in accordance with this section and

applicable law.

2. Transfer of a charter contract, and oversight of a charter school, from one sponsor to another shall not be permitted except by special petition to the department by a charter school or its sponsor. The department shall review such petitions on a case by case basis and may grant transfer requests in response to special circumstances, evidence that such a transfer would serve the best interests of the charter school's students, and agreement by the school and the sponsor. Transfer of a charter contract and oversight of a charter school to the commission shall not be subject to the petition and review process set forth in this subsection.

3. A sponsor may relinquish its sponsorship at any time by sending a letter to the department stating its intention and the date of relinquishment. When a sponsor relinquishes sponsorship, all of the sponsor's existing charter contracts and sponsorship fees are transferred to the commission; provided that if a sponsor does relinquish its sponsorship of all of its charter contracts, such sponsor shall no longer be eligible to be a sponsor. A transfer under this subsection shall not be subject to the petition and review process set forth in subsection 2 of this section.

4. One or more charter schools or local education agencies may merge into a single charter school or local education agency upon special petition to the department by all merging organizations. The department shall review such petitions on a case by case basis, and may grant merger requests in response to special circumstances, including evidence that such a merger

would serve the best interests of the charter school's students, and agreement by the merging organization as to the terms of such merger. An approved merger shall not be subject to the closure provisions applicable to charter schools.

5. A transfer or merger under this section shall not extend the term of any existing charter contract that has been transferred or has been part of a merger under this section.

160.403. 1. The department [of elementary and secondary education] shall establish an annual application and approval process for all entities eligible to be a sponsor [charters] as set forth in section 160.400 which are not sponsoring a charter school as of August 28, 2012, except that the [Missouri charter public school] commission shall not be required to undergo the application and approval process. [No later than November 1, 2012, the department shall make available information and guidelines for all eligible sponsors concerning the opportunity to apply for sponsoring authority under this section.]

2. The application process for sponsorship shall require each interested eligible sponsor[, except for the Missouri charter public school commission,] to submit an application by February first of the first year in which the eligible sponsor seeks to sponsor a charter school that includes the following:

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

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

(3) An outline of the request for proposal that the

applicant sponsor would, if approved as a [charter] sponsor, issue to solicit [charter school] applicants consistent with sections 160.400 to 160.425 and section 167.349;

(4) The performance [contract] framework that the applicant sponsor would, if approved as a charter sponsor, use to evaluate the charter schools it sponsors; and

(5) The applicant sponsor's renewal, revocation, and [nonrenewal processes] closure protocol and procedures consistent with section 160.405.

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

4. Within thirty days of the department's decision, the department shall execute a renewable sponsoring contract with each entity it has approved as a sponsor. The term of each [authorizing] sponsoring contract shall [be six years and renewable] have a term of six years with a perpetual option for renewal.

160.405. 1. A person, group or organization seeking to establish a charter school shall submit [the proposed charter] an application, as provided in this section, to a sponsor. If the sponsor is not a school board, the applicant shall give a copy of its application to the school board of the district in which the charter school is to be located and to the [state board of education] department, within five business days of the date the application is filed with the proposed sponsor. The school board

may file objections with the proposed sponsor, and, if [a charter] an application is granted, the school board may file objections with the [state board of education] department. The charter application shall include [a legally binding performance contract that describes the obligations and responsibilities of the school and the sponsor as outlined in sections 160.400 to 160.425 and section 167.349 and shall address] at a minimum the following:

- (1) A mission and vision statement for the charter school;
- (2) A description of the charter school's organizational structure and bylaws of the governing [body] board, which will be responsible for the policy, financial management, and operational decisions of the charter school, including the nature and extent of parental, professional educator, and community involvement in the governance and operation of the charter school;
- (3) A financial plan for the first three years of operation of the charter school including provisions for annual audits;
- (4) A description of the charter school's policy for securing personnel services, its personnel policies, personnel qualifications, and professional development plan;
- (5) A description of the grades or ages of students being served;
- (6) The school's calendar of operation, which shall include at least the equivalent of a full school term as defined in section 160.011;
- (7) A [description of the charter school's pupil performance standards and academic program performance standards] proposal for the charter schools performance provisions for the

charter contract, which shall meet the requirements of subdivision (6) of subsection 4 of this section[. The charter school program shall be designed to enable each pupil to achieve such standards and shall contain a complete set of indicators, measures, metrics, and targets for academic program performance, including specific goals on graduation rates and standardized test performance and academic growth], and the sponsor's performance framework;

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

(9) The proposed term of the charter[, which shall be five years and may be renewed] contract. If renewal occurs as described under paragraph (e) of subdivision (3) of subsection 9 of this section, such renewal shall be only for a three-year term;

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

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

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

a nondiscriminatory manner;

[(13)] (12) A description of the charter school's grievance procedure for parents [or guardians];

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

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

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

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

(c) Submission of final financial reports;

(d) Resolution of any remaining financial obligations;

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

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

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

~~[(17) For all new or revised charters,]~~ (15) Protocols and
procedures to be used upon closure of the charter school
requiring that unobligated assets of the charter school be
returned to the department ~~[of elementary and secondary~~
education] for their disposition, which upon receipt of such
assets shall return them to the local school district in which
the school was located, the state, or any other entity to which
they would belong; and

(15) Any other matters the department deems appropriate.

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

2. ~~[Proposed charters]~~ An applicant shall be subject to the
following application requirements:

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

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

(3) If the ~~[charter]~~ application is denied, the proposed

sponsor shall notify the applicant in writing as to the reasons for its denial and forward a copy to the [state board of education] department and commission within five business days following the denial;

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

(5) [The] A sponsor [of a charter school] shall give priority to [charter school] applicants that propose a school

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

3. If ~~[a charter]~~ an application is approved by a sponsor, the ~~[charter]~~ application shall be submitted to the ~~[state board of education]~~ department, along with a statement of finding by the sponsor that the application meets the requirements of

sections 160.400 to 160.425 and section 167.349 [and a monitoring plan under which the charter sponsor shall evaluate the academic performance, including annual performance reports, of students enrolled in the charter school. The state board of education shall approve or deny a charter application within sixty days of receipt of the application. The state board of education may deny a charter on grounds that the application fails to meet the requirements of sections 160.400 to 160.425 and section 167.349 or that a charter sponsor previously failed to meet the statutory responsibilities of a charter sponsor. Any denial of a charter application made by the state board of education shall be in writing and shall identify the specific failures of the application to meet the requirements of sections 160.400 to 160.425 and section 167.349, and the written denial shall be provided within ten business days to the sponsor] within fifteen days of approval.

4. A charter [school shall, as provided in its charter] contract shall require a charter school to:

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

(2) Comply with laws and regulations of the state, county, or city relating to health, safety, and state minimum educational standards, as specified by the state board of education, including the requirements relating to student discipline under sections 160.261, 167.161, 167.164, and 167.171, notification of criminal conduct to law enforcement authorities under sections 167.115 [to] and 167.117, academic assessment under section 160.518, transmittal of school records under section 167.020, the

minimum amount of school time required under section 171.031, and the employee criminal history background check and the family care safety registry check under section 168.133;

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

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

(5) Provide a comprehensive program of instruction for at least one grade or age group from early childhood through grade twelve, as specified in its charter;

(6) (a) [Design a method to measure pupil progress toward the pupil academic standards adopted by the state board of education pursuant to section 160.514, establish] Comply with the performance provisions in the charter contract, which shall be based on the performance framework established by the sponsor under subdivision (3) of subsection 16 of section 160.400, establish baseline student performance [in accordance with the performance contract] during the first year of operation, and collect annual student performance data [as defined by the annual performance report throughout the duration of the charter to annually monitor student academic performance, and to the extent applicable based upon grade levels offered by the charter school, participate in the statewide system of assessments, comprised of the essential skills tests and the nationally standardized norm-referenced achievement tests, as designated by the state board pursuant to section 160.518, complete and distribute an annual report card as prescribed in section 160.522, which shall also include a statement that background checks have been completed on the charter school's board members, and report to its sponsor, the local school district, and the state board of education as to its teaching methods and any educational innovations and the results thereof] necessary to measure annual performance targets, with such targets being subject to approval by its sponsor. No charter school shall be considered in the Missouri school improvement program review [of the district in

which it is located for the resource or process standards of the program].

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

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

(7) Comply with all applicable federal and state laws and

regulations regarding students with disabilities, including sections 162.670 to 162.710, the Individuals with Disabilities Education Act (20 U.S.C. Section 1400) and Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794) or successor legislation;

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

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

(b) A statement outlining the reasons for approval or denial by the sponsor, specifically addressing the requirements of sections 160.400 to 160.425 and 167.349;

(c) A conflict of interest policy and a code of ethics;

(9) Incorporate application materials submitted under subsection 1 of this section into the charter contract.

Charter schools operating on August 27, 2019, shall have until August 28, 2022, to meet the requirements of this subsection.

5. (1) Proposed or existing [high-risk or alternative] high-needs charter schools may include alternative arrangements for students to obtain credit for satisfying graduation requirements in the school's charter application and charter. Alternative arrangements may include, but not be limited to, credit for off-campus instruction, embedded credit, work experience through an internship arranged through the school, and

independent studies. [When the state board of education approves the charter, any such alternative arrangements shall be approved at such time.]

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

6. [The charter of] A charter [school] contract may be amended at the request of the governing [body] board of the charter school and on the approval of the sponsor. The sponsor and the governing board and staff of the charter school shall jointly review the school's performance, management and operations during the first year of operation and then every other year after the most recent review or at any point where the operation or management of the charter school is changed or transferred to another entity, either public or private. The governing board of a charter school may amend the charter contract, if the sponsor approves such amendment, or the sponsor and the governing board may reach an agreement in writing to reflect the charter school's decision to become a local educational agency. In such case the sponsor shall give the department [of elementary and secondary education] written notice no later than March first of any year, with the agreement to become effective July first. The department may waive the March first notice date in its discretion. The department shall identify and furnish a list of its regulations that pertain to

local educational agencies to such schools within thirty days of receiving such notice.

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

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

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

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

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

(5) Publication of each charter school's annual performance [report] data.

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

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

b. [The charter school's annual performance report results are below the district's annual performance report results based

on the performance standards that are applicable to the grade level configuration of both the charter school and the district in which the charter school is located in three of the last four school years; and

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

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

a. Clear evidence of [underperformance as demonstrated in the charter school's annual performance report] the charter school's failure to meet the standards set forth in this subparagraph in three of the last four school years[; or].

(i) For charter schools serving pupils in grades kindergarten through grade eight:

i. The percentage of students who perform proficient and advanced on the annual statewide system of assessments under section 160.518 in English language arts and mathematics in the charter school is equal to or higher than the average percentage of grade level equivalent students in nonselective school buildings in the school district in which the charter school is located who perform proficient and advanced in English language arts and mathematics; or

ii. The average rate or growth in English language arts and mathematics on the annual statewide system of assessments under section 160.518 is equal to or higher than the average rate of growth in English language arts and mathematics for grade level equivalent students in nonselective school buildings in the

district in which the charter school is located;

(ii) For charter schools serving pupils in grades nine through twelve:

i. The percentage of students who perform proficient and advanced on the annual statewide system of assessments under section 160.518 in English language arts and mathematics in the charter school, other than a charter school in which fifty percent or more of the school's students were previously considered dropouts under subdivision (5) of subsection 2 of this section, is equal to or higher than the average percentage of grade level equivalent students in nonselective school buildings in the school district in which the charter school is located, who perform proficient and advanced in English language arts and mathematics; or

ii. The average rate of growth in English language arts and mathematics on the annual statewide system of assessments under section 160.518, other than a charter school in which fifty percent or more of the school's students were previously considered dropouts under subdivision (5) of subsection 2 of this section, is equal to or higher than the average rate of growth in English language arts and mathematics for grade level equivalent students in nonselective school buildings in the district in which the charter school is located; or

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

(c) A sponsor shall revoke a charter or take other appropriate remedial action, which may include placing the charter school on probationary status for no more than

twenty-four months, provided that no more than one designation of probationary status shall be allowed for the duration of the charter contract, at any time if the charter school commits a serious breach of one or more provisions of its charter contract or on any of the following grounds: failure to meet the performance [contract] provisions as set forth in its charter contract, failure to meet generally accepted standards of fiscal management, failure to provide information necessary to confirm compliance with all provisions of the charter contract and sections 160.400 to 160.425 and 167.349 within forty-five days following receipt of written notice requesting such information, or violation of law.

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

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

(4) The sponsor of a charter school shall establish procedures to conduct administrative hearings upon determination by the sponsor that grounds exist to revoke a charter. Final decisions of a sponsor from hearings conducted pursuant to this subsection are subject to an appeal to the state board of

education, which shall determine whether the charter contract shall be revoked.

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

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

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

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

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

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

a. A negative balance in its operating funds;

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

c. Expenditures that exceed receipts for the most recently completed fiscal year;] not identified as experiencing financial stress, as defined in subsection 2 of section 160.417, in three of the last four school years; and

(c) The charter school is in compliance with its [legally binding performance] charter contract and sections 160.400 to 160.425 and section 167.349[; and

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

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

(b) [Along with data reflecting the academic performance

standards indicated in paragraph (a) of this subdivision, the sponsor shall submit a revised charter application to the state board of education for review.

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

(d)] (c) If [a charter school sponsor demonstrates] the department verifies that the charter school has met the objectives identified in this subdivision, the [state board of education] department shall [renew the school's charter] notify the sponsor that the renewal has met all requirements;

(d) If a charter school fails to meet the standards set forth in subparagraph (a) of paragraph (b) of subdivision (1) of subsection 8 of section 160.405 for two of the three consecutive years immediately before a decision whether to renew the school's charter contract is made, any renewal granted shall be only for a three-year term. If a charter school again underperforms for two years of the three-year term, the school's charter contract shall not be renewed.

10. A school district may enter into a lease with a charter school for physical facilities. A charter school may also contract with a school district or any other entity to provide services to the charter school.

11. A governing board or a school district employee who has

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

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

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

14. [The chief financial officer of] A charter school shall maintain:

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

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

15. The department [of elementary and secondary education] shall calculate an annual performance report for each charter school and shall publish it in the same manner as annual performance reports are calculated and published for districts and attendance centers.

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

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

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

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

(3) Is in material compliance with its legally binding performance contract and sections 160.400 to 160.425 and section

167.349; and

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

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

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

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

(3) If a charter is approved by a sponsor, the charter application shall be filed with the state board of education with a statement of finding from the sponsor that the application meets the requirements of sections 160.400 to 160.425 and section 167.349 and a monitoring plan under which the sponsor shall evaluate the academic performance of students enrolled in the charter school. Such filing shall be made by January thirty-first prior to the school year in which the charter school intends to begin operations.

3. The term of the charter for schools operating under this

section shall be five years, and the charter may be renewed for terms of] The percentage of students who perform proficient and advanced on the annual statewide system of assessment under section 160.518 in English language arts and mathematics in the charter school is higher than the average percentage of grade level equivalent students in the state performing proficient and advanced in English language arts and mathematics for two of the three immediately preceding years; or

(2) The average rate of growth in English language arts and mathematics on the annual statewide system of assessments under section 160.518 is equal to or higher than the average percentage of grade level equivalent students in the state for two of the three immediately preceding years.

2. Notwithstanding any other provision of law, a sponsor may renew the charter contract of a high quality charter school for a term of up to ten years. Renewal shall be subject to the provisions of paragraphs (a) to (d) of subdivision (3) of subsection 9 of section 160.405.

160.410. 1. A charter school shall enroll:

(1) All pupils resident in the district in which it operates;

(2) Nonresident pupils eligible to attend a district's school under an urban voluntary transfer program;

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

(4) In the case of a charter school whose mission includes

student drop-out prevention or recovery, any nonresident pupil from the same or an adjacent county who resides in a residential care facility, a transitional living group home, or an independent living program whose last school of enrollment is in the school district where the charter school is established, who submits a timely application[; and

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

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

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

(2) A charter school may also give a preference for

admission of children whose siblings attend the school or whose parents are employed at the school [or in the case of a workplace charter school, a child whose parent is employed in the business district or at the business site of such school]; and

(3) Charter schools may also give a preference for admission to [high-risk] high-needs students[, as defined in subdivision (5) of subsection 2 of section 160.405,] when the school targets these students through its proposed mission, curriculum, teaching methods, and services;

(4) A charter school may also give a preference for admission to students who will be eligible for the free and reduced price lunch program in the upcoming school year.

3. A charter school shall not limit admission based on race, ethnicity, national origin, disability, income level except for as provided in subdivision (4) of subsection 2 of this section, proficiency in the English language or athletic ability, but may limit admission to pupils within a given age group or grade level. Charter schools may limit admission based on gender only when the school is a single-gender school. Students of a charter school who have been enrolled for a full academic year shall be counted in the performance of the charter school on the statewide assessments in that calendar year, unless otherwise exempted as English language learners. For purposes of this subsection, "full academic year" means the last Wednesday in September through the administration of the Missouri assessment program test without transferring out of the school and re-enrolling.

4. A charter school shall make available for public

inspection by providing on their website, and [provide] upon request, to the parent, guardian, or other custodian of any school-age pupil resident in the district in which the school is located the following information:

- (1) The school's charter contract;
- (2) The school's most recent annual report card published according to section 160.522; and
- (3) [The results of background checks on the charter school's board members; and
- (4)] If a charter school is operated by a management company, a copy of the written contract between the governing board of the charter school and the educational management organization or the charter management organization for services. The charter school may charge reasonable fees, not to exceed the rate specified in section 610.026 for furnishing copies of documents under this subsection.

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

6. If a change in school district boundary lines occurs under section 162.223, 162.431, 162.441, or 162.451, or by action of the state board of education under section 162.081, including attachment of a school district's territory to another district or dissolution, such that a student attending a charter school

prior to such change no longer resides in a school district in which the charter school is located, then the student may complete the current academic year at the charter school. The student shall be considered a resident student. The student's parent or legal guardian shall be responsible for the student's transportation to and from the charter school.

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

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

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

described in this subsection.

(1) A school district having one or more resident pupils attending a charter school shall pay to the charter school an annual amount equal to the [product of the charter school's weighted average daily attendance and the state adequacy target, multiplied by the dollar value modifier for the district, plus local tax revenues per weighted average daily attendance from the incidental and teachers' funds in excess of the performance levy as defined in section 163.011 plus all other state aid attributable to such pupils] quotient of all state aid plus all local aid from any source received by the school district divided by the total weighted average daily attendance of the school district and all charter schools within the school district. For the purposes of this section, "local aid" means all local revenue received by the school district and charter schools within the school district, including, but not limited to, merchants' and manufacturers' tax revenues, revenues due pursuant to section 163.087, revenues due pursuant to section 163.087, and city sales tax revenue including city sales tax collected in any city not within a county.

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

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

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

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

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

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

amount reduced from the school district's payment] the quotient of all state aid plus all local aid from any source received by the school district divided by the total weighted average daily attendance of the school district and all charter schools within the district

4. The department may promulgate rules for defining, calculating, and collecting the amount of any local tax revenue or local aid due to a charter school under this section. The department shall also publish an annual list of those districts that are delinquent in their payments of local aid to charter schools within their district and the amounts of such delinquencies. Any rule or portion of a rule, as that term is defined in section 536.010, RSMo, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2019, shall be invalid and void.

5. If a school district fails to make timely payments of any amount for which it is the disbursal agent, the [state] department [of elementary and secondary education] shall authorize payment to the charter school of the amount due pursuant to subsection 2 of this section and shall deduct the

same amount from the next state school aid apportionment to the owing school district. If a charter school is paid more or less than the amounts due pursuant to this section, the amount of overpayment or underpayment shall be adjusted equally in the next twelve payments by the school district or the department [of elementary and secondary education], as appropriate. Any dispute between the school district and a charter school as to the amount owing to the charter school shall be resolved by the department [of elementary and secondary education], and the department's decision shall be the final administrative action for the purposes of review pursuant to chapter 536. During the period of dispute, the department of elementary and secondary education shall make every administrative and statutory effort to allow the continued education of children in their current public charter school setting.

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

7. In the case of a proposed charter school that intends to contract with an education service provider for substantial educational services or management services, the request for

proposals shall additionally require the [charter school] applicant to:

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

(2) Provide a term sheet setting forth the proposed duration of the service contract; roles and responsibilities of the governing board, the school staff, and the service provider; scope of services and resources to be provided by the service provider; performance evaluation measures and time lines; compensation structure, including clear identification of all fees to be paid to the service provider; methods of contract oversight and enforcement; investment disclosure; and conditions for renewal and termination of the contract;

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

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

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

(6) Provide a process to ensure that the expenditures that the education service provider intends to bill to the charter school shall receive prior approval of the governing board or its

designee.

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

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

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

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

11. A charter school may not charge tuition or impose fees that a school district is prohibited from charging or imposing, except that a charter school may receive tuition payments from districts in the same or an adjoining county for nonresident students who transfer to an approved charter school, as defined in section 167.131, from an unaccredited district.

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

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

14. The governing [body] board of a charter school is authorized to accept grants, gifts or donations of any kind and to expend or use such grants, gifts or donations. A grant, gift or donation may not be accepted by the governing [body] board if

it is subject to any condition contrary to law applicable to the charter school or other public schools, or contrary to the terms of the charter.

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

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

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

- (a) Has a negative balance in its operating funds; or
- (b) Has a combined balance of less than three percent of the amount expended from such funds during the previous fiscal year;

(2) [For the most recently completed fiscal year expenditures, exceeded receipts for any of its funds because of recurring costs; or

(3)] Due to insufficient fund balances or reserves, incurred debt after January thirty-first and before July first

during the most recently completed fiscal year in order to meet expenditures of the charter school.

3. The sponsor shall notify by November first the governing board of the charter school identified as experiencing financial stress. Upon receiving the notification, the governing board shall develop, or cause to have developed, and shall approve a budget and education plan on forms provided by the sponsor. The budget and education plan shall be submitted to the sponsor, signed by the officers of the charter school, within forty-five calendar days of notification that the charter school has been identified as experiencing financial stress. Minimally, the budget and education plan shall:

(1) Give assurances that adequate educational services to students of the charter school shall continue uninterrupted for the remainder of the current school year and that the charter school can provide the minimum amount of school time required by section 171.031;

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

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

4. Upon receipt and following review of any budget and education plan, the sponsor may make suggestions to improve the plan. Nothing in sections 160.400 to 160.425 or section 167.349 shall exempt a charter school from submitting a budget and education plan to the sponsor according to the provisions of this

section following each such notification that a charter school has been identified as experiencing financial stress, except that the sponsor may permit a charter school's governing board to make amendments to or update a budget and education plan previously submitted to the sponsor.

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

160.425. 1. The "Missouri Charter Public School Commission" is hereby created with the authority to sponsor high quality charter schools throughout the state of Missouri.

2. The commission shall consist of nine members appointed by the governor, by and with the advice and consent of the senate. No more than five of the members shall be of the same political party. No more than two members shall be from the same congressional district. The term of office of each member shall be four years, except those of the members first appointed, of which three shall be appointed for a term of one year, two for a term of two years, two for a term of three years, and two for a term of four years. At the expiration of the term of each member, the governor, by and with the advice and consent of the senate, shall appoint a successor.

3. The appointees to the commission shall be selected as follows:

(1) One member selected by the governor from a slate of three recommended by the commissioner of education;

(2) One member selected by the governor from a slate of

three recommended by the commissioner of higher education;

(3) One member selected by the governor from a slate of three recommended by the president pro tempore of the senate;

(4) One member selected by the governor from a slate of three recommended by the speaker of the house of representatives; and

(5) Five additional members appointed by the governor, one of whom shall be selected from a slate of three nominees recommended by the Missouri School Boards Association.

4. Members appointed to the commission shall collectively possess strong experience and expertise in governance, management and finance, school leadership, assessment, curriculum and instruction, and education law. All members of the commission shall have demonstrated understanding of and commitment to charter schooling as a strategy for strengthening public education.

5. The commission shall annually elect a chairperson and vice chairperson, who shall act as chairperson in his or her absence. The commission shall meet at the call of the chairperson. The chairperson may call meetings at such times as he or she deems advisable and shall call a meeting when requested to do so by three or more members of the commission. Members of the commission are not eligible to receive compensation.

6. The commission may approve **[proposed charters]** applications for its sponsorship under sections 160.400 to 160.425 and shall:

(1) Comply with all of the requirements applicable to sponsors under sections 160.400 to 160.425;

(2) Exercise sponsorship over ~~[charters]~~ applicants approved by the commission under sections 160.400 to 160.425, including receipt of sponsorship funding under subsection ~~[11]~~ 10 of section 160.400.

7. Charter schools sponsored by the commission shall comply with all of the requirements applicable to charter schools under sections 160.400 to 160.425.

8. The commission shall conduct its business in accordance with chapter 610.

9. The department ~~[of elementary and secondary education]~~ shall provide start-up funding for the commission to operate. The commission shall reimburse the department's costs from any funds it receives as sponsor under section 160.400.

10. The commission is authorized to receive and expend gifts, grants, and donations of any kind from any public or private entity to carry out the purposes of sections 160.400 to 160.425, subject to the terms and conditions under which they are given, provided that all such terms and conditions are permissible under law.

11. There is hereby created in the state treasury the "Charter Public School Sponsorship Fund", which shall consist of money collected under subsection 10 of section 160.400. The state treasurer shall be custodian of the fund. In accordance with sections 30.170 and 30.180, the state treasurer may approve disbursements. The fund shall be a dedicated fund and money in the fund shall be used solely by the commission for the purpose of paying expenses associated with sponsorship of charter schools and any other purpose consistent with the intent of subsection 10

of section 160.400.

(1) Notwithstanding the provisions of section 33.080 to the contrary, any moneys remaining in the fund at the end of the biennium shall not revert to the credit of the general revenue fund.

(2) The state treasurer shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund.