

# SENATE BILL NO. 869

101ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR KOENIG.

3591S.01H

ADRIANE D. CROUSE, Secretary

## AN ACT

To repeal section 160.415, RSMo, and to enact in lieu thereof one new section relating to charter school funding.

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

Section A. Section 160.415, RSMo, is repealed and one new  
2 section enacted in lieu thereof, to be known as section 160.415,  
3 to read as follows:

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

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

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

22           (1) A school district having one or more resident  
23 pupils attending a charter school shall pay to the charter  
24 school an annual amount equal to the product of the charter  
25 school's weighted average daily attendance and the state  
26 adequacy target, multiplied by the dollar value modifier for  
27 the district, plus local tax revenues per weighted average  
28 daily attendance from the incidental and teachers' funds in  
29 excess of the performance levy as defined in section 163.011  
30 plus all other state aid attributable to such pupils.

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

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

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

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

48           **(6) This subsection shall apply to all school years**  
49 **ending on or before June 30, 2023.**

50           3. A workplace charter school shall receive payment  
51 for each eligible pupil as provided under subsection 2 of  
52 this section, except that if the student is not a resident  
53 of the district and is participating in a voluntary  
54 interdistrict transfer program, the payment for such pupils  
55 shall be the same as provided under section 162.1060. **This**  
56 **subsection shall apply to all school years ending on or**  
57 **before June 30, 2023.**

58           4. A charter school that has declared itself as a  
59 local educational agency shall receive from the department  
60 of elementary and secondary education an annual amount equal  
61 to the product of the charter school's weighted average  
62 daily attendance and the state adequacy target, multiplied  
63 by the dollar value modifier for the district, plus local  
64 tax revenues per weighted average daily attendance from the  
65 incidental and teachers funds in excess of the performance  
66 levy as defined in section 163.011 plus all other state aid  
67 attributable to such pupils. If a charter school declares  
68 itself as a local educational agency, the department of  
69 elementary and secondary education shall, upon notice of the  
70 declaration, reduce the payment made to the school district  
71 by the amount specified in this subsection and pay directly  
72 to the charter school the annual amount reduced from the  
73 school district's payment. **This subsection shall apply to**  
74 **all school years ending on or before June 30, 2023.**

75           5. If a school district fails to make timely payments  
76 of any amount for which it is the disbursal agent, the state  
77 department of elementary and secondary education shall  
78 authorize payment to the charter school of the amount due  
79 pursuant to subsection 2 of this section and shall deduct  
80 the same amount from the next state school aid apportionment  
81 to the owing school district. If a charter school is paid

82 more or less than the amounts due pursuant to this section,  
83 the amount of overpayment or underpayment shall be adjusted  
84 equally in the next twelve payments by the school district  
85 or the department of elementary and secondary education, as  
86 appropriate. Any dispute between the school district and a  
87 charter school as to the amount owing to the charter school  
88 shall be resolved by the department of elementary and  
89 secondary education, and the department's decision shall be  
90 the final administrative action for the purposes of review  
91 pursuant to chapter 536. During the period of dispute, the  
92 department of elementary and secondary education shall make  
93 every administrative and statutory effort to allow the  
94 continued education of children in their current [public]  
95 charter school setting. **This subsection shall apply to all  
96 school years ending on or before June 30, 2023.**

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

107 7. In the case of a proposed charter school that  
108 intends to contract with an education service provider for  
109 substantial educational services or management services, the  
110 request for proposals shall additionally require the charter  
111 school applicant to:

112 (1) Provide evidence of the education service  
113 provider's success in serving student populations similar to

114 the targeted population, including demonstrated academic  
115 achievement as well as successful management of nonacademic  
116 school functions, if applicable;

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

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

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

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

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

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

144 9. A charter school shall be eligible for  
145 transportation state aid pursuant to section 163.161 and

146 shall be free to contract with the local district, or any  
147 other entity, for the provision of transportation to the  
148 students of the charter school.

149 10. (1) The proportionate share of state and federal  
150 resources generated by students with disabilities or staff  
151 serving them shall be paid in full to charter schools  
152 enrolling those students by their school district where such  
153 enrollment is through a contract for services described in  
154 this section. The proportionate share of money generated  
155 under other federal or state categorical aid programs shall  
156 be directed to charter schools serving such students  
157 eligible for that aid.

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

162 11. A charter school [may] **shall** not charge tuition or  
163 impose fees that a school district is prohibited from  
164 charging or imposing, except that a charter school may  
165 receive tuition payments from districts in the same or an  
166 adjoining county for nonresident students who transfer to an  
167 approved charter school, as defined in section 167.895, from  
168 an unaccredited district.

169 12. A charter school is authorized to incur debt in  
170 anticipation of receipt of funds. A charter school may also  
171 borrow to finance facilities and other capital items. A  
172 school district may incur bonded indebtedness or take other  
173 measures to provide for physical facilities and other  
174 capital items for charter schools that it sponsors or  
175 contracts with. Except as otherwise specifically provided  
176 in sections 160.400 to 160.425, upon the dissolution of a  
177 charter school, any liabilities of the corporation will be

178 satisfied through the procedures of chapter 355. A charter  
179 school shall satisfy all its financial obligations within  
180 twelve months of notice from the sponsor of the charter  
181 school's closure under subsection 8 of section 160.405.  
182 After satisfaction of all its financial obligations, a  
183 charter school shall return any remaining state and federal  
184 funds to the department of elementary and secondary  
185 education for disposition as stated in subdivision (17) of  
186 subsection 1 of section 160.405. The department of  
187 elementary and secondary education may withhold funding at a  
188 level the department determines to be adequate during a  
189 school's last year of operation until the department  
190 determines that school records, liabilities, and reporting  
191 requirements, including a full audit, are satisfied.

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

194 14. The governing [body] **board** of a charter school is  
195 authorized to accept grants, gifts or donations of any kind  
196 and to expend or use such grants, gifts or donations. A  
197 grant, gift or donation [may] **shall** not be accepted by the  
198 governing [body] **board** if it is subject to any condition  
199 contrary to law applicable to the charter school or other  
200 public schools, or contrary to the terms of the charter.

201 15. (1) **As used in this section, the following terms**  
202 **mean:**

203 (a) **"Department", the department of elementary and**  
204 **secondary education;**

205 (b) **"Local aid", all local and county revenue received**  
206 **by the school district and charter schools within the school**  
207 **district. The term "local aid":**

208 a. **Includes, but is not limited to, the following:**

209 (i) **Property taxes and delinquent taxes;**

210 (ii) Merchants' and manufacturers' tax revenues,  
211 except that an urban school district containing most or all  
212 of a city with a population greater than three hundred fifty  
213 thousand inhabitants may annually withhold merchants' and  
214 manufacturers' tax revenues required for repayment of Series  
215 2009, Series 2010, Series 2015, and Series 2016 bonds. Such  
216 school district shall not withhold merchants' and  
217 manufacturers' tax revenues after the fiscal year ending  
218 June 30, 2036;

219 (iii) Financial institutions' tax revenues;

220 (iv) City sales tax revenue, including city sales tax  
221 collected in any city not within a county;

222 (v) Payments in lieu of taxes;

223 (vi) Revenues from state-assessed railroad and  
224 utilities tax; and

225 (vii) Any future aid; and

226 b. Shall not be construed to include:

227 (i) Charitable contributions, gifts, and grants made  
228 to school districts and charter schools;

229 (ii) Interest earnings of school districts and charter  
230 schools;

231 (iii) Student fees paid to school districts and  
232 charter schools;

233 (iv) Debt service authorized by a public vote for the  
234 purpose of making payments on a bond issuance of a school  
235 district;

236 (v) Proposition C revenue received for school purposes  
237 from the school district trust fund under section 163.087; or

238 (vi) Any other funding solely intended for a  
239 particular school district or charter school and its  
240 respective employees, schools, foundations, or organizations.



241           (2) Notwithstanding any other provision of law to the  
242 contrary, the calculation in this subsection shall be used  
243 to calculate state and local aid only for charter schools  
244 operated in school districts listed in subsection 2 of  
245 section 160.400.

246           (3) Each charter school and each school district  
247 responsible for distributing local aid to charter schools  
248 under this subsection shall include as part of their annual  
249 independent audit, an audit of pupil residency, enrollment,  
250 and attendance in order to verify pupil residency in the  
251 school district or local education agency.

252           (4) A school district having one or more resident  
253 pupils attending a charter school shall pay to the charter  
254 school an annual amount equal to the product of the charter  
255 school's weighted average daily attendance and the state  
256 adequacy target, multiplied by the dollar value modifier for  
257 the district, less the charter school's share of local  
258 effort as defined in section 163.011 plus all other state  
259 aid attributable to such pupils plus local aid received by  
260 the school district divided by the total weighted average  
261 daily attendance of the school district and all charter  
262 schools within the school district per weighted average  
263 daily attendance of the charter school.

264           (5) A charter school that has declared itself a local  
265 educational agency shall receive all state aid calculated  
266 under this subsection from the department and all local aid  
267 calculated under this subsection from the school district  
268 within which the charter school is operating. A charter  
269 school shall receive an annual amount equal to the product  
270 of the charter school's weighted average daily attendance  
271 and the state adequacy target, multiplied by the dollar  
272 value modifier for the district, less the charter school's

273 share of local effort as defined in section 163.011 plus all  
274 other state aid attributable to such pupils plus local aid  
275 received by the school district divided by the total  
276 weighted average daily attendance of the school district and  
277 all charter schools within the school district per weighted  
278 average daily attendance of the charter school.

279 (6) (a) A school district with charter schools  
280 operating within the district shall withhold, from the  
281 January local effort payment received by the school  
282 district, an annual administrative fee for the purpose of  
283 supporting administrative costs the school district incurs  
284 for charter schools operating within the school district.  
285 The administrative fee shall be equal to one-fourth of one  
286 percent of the sum of the prior year's state aid received by  
287 the school district, the prior year's state aid received by  
288 the charter schools within the school district, and the  
289 prior year's local aid received by the school district and  
290 the charter schools within the school district. As used in  
291 this paragraph, "state aid" means the product of the school  
292 district or charter school's weighted average daily  
293 attendance and the state adequacy target, multiplied by the  
294 dollar value modifier for the district, less the school  
295 district or charter school's share of local effort as  
296 defined in section 163.011.

297 (b) On or before December thirty-first of each year,  
298 any school district that has charter schools operating  
299 within the district shall transmit to the department the  
300 total annual local aid calculation described in subdivision  
301 (7) of this subsection. If the school district fails to  
302 transmit the annual local aid calculation to the department,  
303 the school district shall not withhold the administrative  
304 fee.

305           (c) The department shall calculate the administrative  
306 fee under the formula in this subdivision using data from  
307 the previous school year. On or before January fifteenth of  
308 the following year, the department shall transmit to any  
309 school district that has charter schools operating within  
310 the district the calculation of the administrative fee and  
311 make such calculation publicly available on the department's  
312 website.

313           (7) Each month any school district that has charter  
314 schools operating within the district shall calculate the  
315 amount of local aid received by the school district that is  
316 owed to the charter school by the school district under this  
317 subsection. The school district shall pay to the charter  
318 school the amount of local aid owed to the charter school,  
319 as calculated by the school district using the previous  
320 month's weighted average daily attendance of the charter  
321 school. If any payment of local aid is due, the school  
322 district shall make monthly payments on the twenty-first day  
323 of each month or upon the closest business day beginning in  
324 July of each year.

325           (a) If the school district fails to make timely  
326 payment, the department shall impose any penalty the  
327 department deems appropriate.

328           (b) The school district shall, as part of its annual  
329 audit required by section 165.111, include a report  
330 converting the calculation of local aid received by the  
331 district from an accrual basis to a cash basis. Such report  
332 shall be made publicly available on the district website in  
333 a searchable format or as a downloadable and searchable  
334 document.

335           (8) The department shall conduct an annual review of  
336 any payments made in the previous fiscal year under

337 subdivision (7) of this subsection to determine if there has  
338 been any underpayment or overpayment. The annual review, to  
339 be conducted in January of each year, shall include a  
340 calculation of the amount of local aid owed to charter  
341 schools using the first preceding year's annual audit  
342 required by section 165.111. A school district shall pay to  
343 a charter school operating in the district the amount of  
344 local aid owed to the charter school as calculated by the  
345 department. In the event of an underpayment, the school  
346 district shall remit the underpayment amount to the charter  
347 school. In the event of an overpayment, the charter school  
348 shall remit the overpayment amount to the school district.

349 (a) If the school district fails to remit any  
350 underpayment amount owed to a charter school within thirty  
351 days of notification of the underpayment amount, the  
352 department shall impose any penalty the department deems  
353 appropriate.

354 (b) If the charter school fails to remit any  
355 overpayment amount owed to a school district within thirty  
356 days of notification of the overpayment amount, the  
357 department shall impose any penalty the department deems  
358 appropriate.

359 (9) If a prior year correction of the amount of local  
360 aid is necessary, the school district shall recalculate the  
361 amount owed to a charter school and either remit any  
362 underpayment amount to the charter school or provide a bill  
363 to the charter school for any overpayment amount. Any  
364 underpayment or overpayment amount shall be remitted under  
365 the schedules in paragraphs (a) and (b) of subdivision (8)  
366 of this subsection.

367 (10) (a) The annual review conducted pursuant to  
368 subdivision (8) of this subsection shall also assess whether

369 public school and charter school recipients of state and  
370 local taxpayer dollars provide similar amounts and quality  
371 of services, including but not limited to:

- 372 a. Taxpayer accountability for use of public funds;
- 373 b. Transparency in accreditation standards and  
374 classifications;
- 375 c. Student transportation;
- 376 d. School calendar allowances and requirements;
- 377 e. Ability to enroll and accommodate new students;
- 378 f. Teacher certification; and
- 379 g. Teacher retention.

380 (b) The results of the annual assessment shall be a  
381 public record and distributed to the general assembly.

382 (11) (a) For the purposes of this subdivision, net  
383 cost for providing special educational services for a school  
384 district with charter schools operating within the district  
385 and each charter school within the school district shall be  
386 calculated as the total special educational services costs  
387 minus the total special educational services funding.

388 (b) For the purposes of this subdivision, total  
389 special educational services costs shall be calculated as  
390 the sum of the total cost of the following as reported on  
391 the annual secretary of the board report for a school  
392 district with charter schools operating within the district  
393 and each charter school within the school district:

- 394 a. Department-defined special education instruction;
- 395 b. Tuition for special education programs;
- 396 c. Health services;
- 397 d. Psychology services;
- 398 e. Speech and language services;
- 399 f. Audiology services;
- 400 g. Occupational therapy;

401           h. Physical therapy;  
402           i. Visually impaired services;  
403           j. Special education transportation services; and  
404           k. Tuition to other districts within the state that  
405 fulfill requirements of the Voluntary Interdistrict  
406 Coordinating Council Program.

407           (c) For the purposes of this subdivision, total  
408 special educational services funding shall be calculated as  
409 the sum of the state aid and local effort per weighted  
410 average daily attendance for the school district and the sum  
411 of the state aid and local aid per weighted average daily  
412 attendance for the charter schools within the school  
413 district multiplied by the total number of students with an  
414 individualized educational plan as reported in December of  
415 each year to the department, plus any funds received under  
416 162.974, plus any funds received under the federal  
417 Individuals with Disabilities Education Act (IDEA) (20  
418 U.S.C. Section 1400, et seq.), as amended, plus any  
419 additional weighted state aid funds received as a result of  
420 serving a percentage of special education students that  
421 exceeds the threshold as defined in 163.011.

422           (d) Each school district that has charter schools  
423 operating within the district and each charter school shall,  
424 as part of the annual audit provided to the department,  
425 report the number of students with an individualized  
426 educational plan, the costs incurred for providing special  
427 educational services as described in paragraph (b) of this  
428 subdivision, the amount of funds drawn down under section  
429 162.974, and the amount of funds drawn down under the  
430 federal Individuals with Disabilities Education Act (IDEA)  
431 (20 U.S.C. Section 1400, et seq.), as amended.

432           (e) On or before February fourteenth of each year, the  
433 department shall calculate for each school district that has  
434 charter schools operating within the school district and  
435 each charter school the net cost for providing special  
436 educational services. The department shall transmit such  
437 calculations to the school district or charter school and  
438 make such calculations publicly available on the  
439 department's website.

440           (f) The February local aid payment to charter schools  
441 within the school district shall be paid from the total  
442 local aid funds received in January by the school district.  
443 The February local aid payment per weighted average daily  
444 attendance to charter schools within the school district  
445 shall be calculated as follows:

446           a. The school district shall withhold the  
447 administrative fee described in paragraph (a) of subdivision  
448 (6) of this subsection from the total local aid funds  
449 received in January by the school district.

450           b. After withholding the administrative fee, the  
451 school district shall withhold from the remaining local aid  
452 funds an amount equal to the school district's prior year  
453 positive net cost for providing special educational services  
454 only if the school district is determined to have a positive  
455 net cost by the department under paragraph (e) of this  
456 subdivision.

457           c. After withholding the administrative fee, the  
458 school district shall withhold from the remaining local aid  
459 funds an amount equal to the sum of the prior year positive  
460 net cost for providing special educational services for  
461 charter schools within the school district determined to  
462 have a positive net cost by the department under paragraph  
463 (e) of this subdivision. No later than February twenty-

464 eight of each year the school district shall distribute such  
465 funds to each charter school determined to have a positive  
466 net cost an annual amount equal to each charter school's  
467 positive net cost as calculated under paragraph (e) of this  
468 subdivision.

469 d. After withholding the administrative fee and  
470 special education funds under subparagraphs a., b., and c.  
471 of this paragraph, the school district shall divide the  
472 remaining local aid funds by the sum of the current year  
473 estimated weighted average daily attendance for January of  
474 the school district plus the sum of the current year  
475 estimated weighted average daily attendance for January of  
476 all charter schools within the school district.

477 e. To determine the amount of the February local aid  
478 payment to each charter school within the school district,  
479 the school district shall multiply the value calculated in  
480 subparagraph d. of this paragraph by the current year  
481 estimated weighted average daily attendance for January for  
482 each charter school within the school district. The school  
483 district shall distribute the February local aid payment to  
484 each charter school within the school district on or before  
485 February twenty-eighth.

486 (g) The department shall adjust the net cost for  
487 providing special educational services for each charter  
488 school and each school district that has charter schools  
489 operating within the district based on the report required  
490 in paragraph (d) of this subdivision for reasons including,  
491 but not limited to, underreporting or overreporting the  
492 number of students with an individualized educational plan  
493 or the cost to provide services to students with an  
494 individualized educational plan, failure to draw down or  
495 accrue for within the applicable fiscal year all funds to



496 which the charter school or school district is entitled  
497 under the federal Individuals with Disabilities Education  
498 Act (IDEA) (20 U.S.C. Section 1400 et seq.), as amended, and  
499 costs determined by the department to be excessive relative  
500 to the special educational services provided.

501 (h) Any funds received by the school district or  
502 charter school under this subdivision shall not be  
503 considered when calculating a withhold or payment in  
504 paragraph (f) of this subdivision in the following year.

505 (i) This subdivision shall apply beginning on February  
506 1, 2025.

507 (12) This subsection shall apply to all school years  
508 beginning on or after July 1, 2023.

509 16. The department may promulgate rules for the annual  
510 review of payments and any penalties to be assessed under  
511 subsection 15 of this section. Any rule or portion of a  
512 rule, as that term is defined in section 536.010, that is  
513 created under the authority delegated in this section shall  
514 become effective only if it complies with and is subject to  
515 all of the provisions of chapter 536 and, if applicable,  
516 section 536.028. This section and chapter 536 are  
517 nonseverable, and if any of the powers vested with the  
518 general assembly pursuant to chapter 536 to review, to delay  
519 the effective date, or to disapprove and annul a rule are  
520 subsequently held unconstitutional, then the grant of  
521 rulemaking authority and any rule proposed or adopted after  
522 August 28, 2022, shall be invalid and void.

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