

SECOND REGULAR SESSION

SENATE BILL NO. 923

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR WEBBER.

4904S.011

KRISTINA MARTIN, Secretary

AN ACT

To repeal sections 160.400 and 160.415, RSMo, and to enact in lieu thereof two 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 and 160.415, RSMo, are
2 repealed and two new sections enacted in lieu thereof, to be
3 known as sections 160.400 and 160.415, to read as follows:

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

3 2. Except as further provided in subsection 4 of this
4 section, charter schools may be operated only:

5 (1) In a metropolitan school district;

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

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

11 (4) In a school district that has been classified as
12 provisionally accredited by the state board of education and
13 has received scores on its annual performance report
14 consistent with a classification of provisionally accredited
15 or unaccredited for three consecutive school years beginning
16 with the 2012-13 accreditation year under the following
17 conditions:

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

18 (a) The eligibility for charter schools of any school
19 district whose provisional accreditation is based in whole
20 or in part on financial stress as defined in sections
21 161.520 to 161.529, or on financial hardship as defined by
22 rule of the state board of education, shall be decided by a
23 vote of the state board of education during the third
24 consecutive school year after the designation of provisional
25 accreditation; and

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

31 (5) [In a school district located within a county with
32 more than one hundred fifty thousand but fewer than two
33 hundred thousand inhabitants, provided that the provisions
34 of subsections 15 to 18 of section 160.415 shall not apply
35 to any charter school operated in such county; or

36 (6)] In a school district that has been accredited
37 without provisions, sponsored only by the local school
38 board; provided that no board with a current year enrollment
39 of one thousand five hundred fifty students or greater shall
40 permit more than thirty-five percent of its student
41 enrollment to enroll in charter schools sponsored by the
42 local board under the authority of this subdivision, except
43 that this restriction shall not apply to any school district
44 that subsequently becomes eligible under subdivision (3) or
45 (4) of this subsection or to any district accredited without
46 provisions that sponsors charter schools prior to having a
47 current year student enrollment of one thousand five hundred
48 fifty students or greater.

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

52 (1) The school board of the district in any district
53 which is sponsoring a charter school as of August 27, 2012,
54 as permitted under subdivision (1) or (2) of subsection 2 of
55 this section, the special administrative board of a
56 metropolitan school district during any time in which powers
57 granted to the district's board of education are vested in a
58 special administrative board, or if the state board of
59 education appoints a special administrative board to retain
60 the authority granted to the board of education of an urban
61 school district containing most or all of a city with a
62 population greater than three hundred fifty thousand
63 inhabitants, the special administrative board of such school
64 district;

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

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

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

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

79 (6) The Missouri charter public school commission
80 created in section 160.425.

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

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

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

95 (3) In any school district classified as unaccredited
96 or provisionally accredited where a charter school is
97 operating and is sponsored by an entity other than the local
98 school board, when the school district becomes classified as
99 accredited without provisions, a charter school may continue
100 to be sponsored by the entity sponsoring it prior to the
101 classification of accredited without provisions and shall
102 not be limited to the local school board as a sponsor.

103 A charter school operating in a school district identified
104 in subdivision (1) **[, (2), or (5)] or (2)** of subsection 2 of
105 this section may be sponsored by any of the entities
106 identified in subsection 3 of this section, irrespective of
107 the accreditation classification of the district in which it
108 is located. A charter school in a district described in
109 this subsection whose charter provides for the addition of
110 grade levels in subsequent years may continue to add levels
111 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. No sponsor shall receive from an applicant for a charter school any fee of any type for the consideration of a charter, nor may a sponsor condition its consideration of a charter on the promise of future payment of any kind.

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

8. As a nonprofit corporation incorporated pursuant to chapter 355, the charter school shall select the method for election of officers 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. A sponsor of a charter school, its agents and employees are not liable for any acts or omissions of a charter school that it sponsors, including acts or omissions relating to the charter submitted by the charter school, the operation of the charter school and the performance of the charter school.

10. A charter school may affiliate with a four-year college or university, including a private college or

144 university, or a community college as otherwise specified in
145 subsection 3 of this section when its charter is granted by
146 a sponsor other than such college, university or community
147 college. Affiliation status recognizes a relationship
148 between the charter school and the college or university for
149 purposes of teacher training and staff development,
150 curriculum and assessment development, use of physical
151 facilities owned by or rented on behalf of the college or
152 university, and other similar purposes. A university,
153 college or community college may not charge or accept a fee
154 for affiliation status.

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

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

172 (2) Maintains a comprehensive application process that
173 follows fair procedures and rigorous criteria and grants
174 charters only to those developers who demonstrate strong

capacity for establishing and operating a quality charter school;

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

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

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

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

13. 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.

14. 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 or the incorporators of the charter school if initial directors are not named in the articles of incorporation, nor shall a sponsor renew a charter without ensuring a criminal background check and family care safety

registry check are conducted for each member of the governing board of the charter school.

15. 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. 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. 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;

(2) The granting of a charter;

(3) The performance contract 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;

(4) The sponsor's intervention, renewal, and revocation 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) Procedures to be implemented if a charter school should close, consistent with the provisions of subdivision (15) of subsection 1 of section 160.405.

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

17. (1) A sponsor shall provide timely submission to the state board of education of all data necessary to demonstrate that the sponsor is in material compliance with all requirements of sections 160.400 to 160.425 and section 167.349. The state board of education 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 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 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 renewal, intervention, and revocation decisions. Nothing shall preclude the department from undertaking an evaluation at any time for cause.

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

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

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

294 18. If a sponsor notifies a charter school of closure
295 under subsection 8 of section 160.405, the department of
296 elementary and secondary education shall exercise its
297 financial withholding authority under subsection 12 of
298 section 160.415 to assure all obligations of the charter
299 school shall be met. The state, charter sponsor, or

300 resident district shall not be liable for any outstanding
301 liability or obligations of the charter school.

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
6 eligibility for free and reduced price lunch, special
7 education, or limited English proficiency status, as well as
8 eligibility for categorical aid, of pupils resident in a
9 school district who are enrolled in the charter school to
10 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 pupil discontinues enrollment
18 at a charter school.

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 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 charter school or credited to the
38 charter school in twelve equal payments in the next fiscal
39 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 3. A workplace charter school shall receive payment
49 for each eligible pupil as provided under subsection 2 of
50 this section, except that if the pupil is not a resident of
51 the district and is participating in a voluntary
52 interdistrict transfer program, the payment for such pupils
53 shall be the same as provided under section 162.1060.

54 4. A charter school that has declared itself as a
55 local educational agency shall receive from the department
56 of elementary and secondary education an annual amount equal
57 to the product of the charter school's weighted average
58 daily attendance and the state adequacy target, multiplied
59 by the dollar value modifier for the district, plus local
60 tax revenues per weighted average daily attendance from the
61 incidental and teachers funds in excess of the performance
62 levy as defined in section 163.011 plus all other state aid

63 attributable to such pupils. If a charter school declares
64 itself as a local educational agency, the department of
65 elementary and secondary education shall, upon notice of the
66 declaration, reduce the payment made to the school district
67 by the amount specified in this subsection and pay directly
68 to the charter school the annual amount reduced from the
69 school district's payment.

70 5. If a school district fails to make timely payments
71 of any amount for which it is the disbursal agent, the state
72 department of elementary and secondary education shall
73 authorize payment to the charter school of the amount due
74 pursuant to subsection 2 of this section and shall deduct
75 the same amount from the next state school aid apportionment
76 to the owing school district. If a charter school is paid
77 more or less than the amounts due pursuant to this section,
78 the amount of overpayment or underpayment shall be adjusted
79 equally in the next twelve payments by the school district
80 or the department of elementary and secondary education, as
81 appropriate. Any dispute between the school district and a
82 charter school as to the amount owing to the charter school
83 shall be resolved by the department of elementary and
84 secondary education, and the department's decision shall be
85 the final administrative action for the purposes of review
86 pursuant to chapter 536. During the period of dispute, the
87 department of elementary and secondary education shall make
88 every administrative and statutory effort to allow the
89 continued education of students in their current charter
90 school setting.

91 6. The charter school and a local school board may
92 agree by contract for services to be provided by the school
93 district to the charter school. The charter school may
94 contract with any other entity for services. Such services

95 may include but are not limited to food service, custodial
96 service, maintenance, management assistance, curriculum
97 assistance, media services and libraries and shall be
98 subject to negotiation between the charter school and the
99 local school board or other entity. Documented actual costs
100 of such services shall be paid for by the charter school.

101 7. In the case of a proposed charter school that
102 intends to contract with an education service provider for
103 substantial educational services or management services, the
104 request for proposals shall additionally require the charter
105 school applicant to:

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

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

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

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

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

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

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

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

143 10. (1) The proportionate share of state and federal
144 resources generated by students with disabilities or staff
145 serving them shall be paid in full to charter schools
146 enrolling those students by their school district where such
147 enrollment is through a contract for services described in
148 this section. The proportionate share of money generated
149 under other federal or state categorical aid programs shall
150 be directed to charter schools serving such students
151 eligible for that aid.

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

156 11. A charter school shall not charge tuition or
157 impose fees that a school district is prohibited from
158 charging or imposing, except that a charter school may

159 receive tuition payments from districts in the same or an
160 adjoining county for nonresident students who transfer to an
161 approved charter school, as defined in section 167.895, from
162 an unaccredited district.

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

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

188 14. The governing board of a charter school is
189 authorized to accept grants, gifts or donations of any kind
190 and to expend or use such grants, gifts or donations. A

grant, gift or donation shall not be accepted by the governing 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.

15. In addition to any state aid remitted to charter schools under this section, the department of elementary and secondary education shall remit to any charter school an amount equal to the weighted average daily attendance of the charter school multiplied by the difference of:

(1) The amount of state aid and local aid per weighted average daily attendance received by the school district in which the charter school is located, not including any funds remitted to charter schools in the district. For the purposes of this subdivision, the weighted average daily attendance of the school district shall not include the weighted average daily attendance of the charter schools located in the district; and

(2) The amount of state aid and local aid per weighted average daily attendance of the charter school received by the charter school.

16. Charter schools may adjust weighted average daily attendance pursuant to section 163.036.

17. When calculating the amounts in subdivisions (1) and (2) of subsection 15 of this section, the department shall utilize the most current data to which the department has access.

18. For the purposes of subsection 15 of this section:

(1) The definitions contained in section 163.011, shall apply;

(2) The term "local aid" shall mean all local and county revenue received, including, but not limited to, the following:

223 (a) Property taxes and delinquent taxes;
224 (b) Merchants' and manufacturers' tax revenues;
225 (c) Financial institutions' tax revenues;
226 (d) City sales tax revenue, including city sales tax
227 collected in any city not within a county;
228 (e) Payments in lieu of taxes; and
229 (f) Revenues from state-assessed railroad and
230 utilities tax;

231 (3) The term local aid shall not be construed to
232 include:

233 (a) Charitable contributions, gifts, and grants made
234 to school districts;

235 (b) Interest earnings of school districts and student
236 fees paid to school districts;

237 (c) Debt service authorized by a public vote for the
238 purpose of making payments on a bond issuance of a school
239 district;

240 (d) Proposition C revenues received for school
241 purposes from the school district trust fund under section
242 163.087; or

243 (e) Any other funding solely intended for a particular
244 school district or their respective employees, schools,
245 foundations, or organizations;

246 (4) The term "state aid" shall mean any revenues
247 received pursuant to this section and sections 163.043 and
248 163.087.

249 19. Notwithstanding any other provision of law to the
250 contrary, subsections 15 to 18 of this section shall be
251 applicable to charter schools operated only in the following
252 school districts[, provided that no such school district
253 shall be located in a county with more than one hundred

fifty thousand but fewer than two hundred thousand
inhabitants]:

(1) In a metropolitan school district;

(2) In an urban school district containing most or all
of a city with more than four hundred thousand inhabitants
and located in more than one county;

(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
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 conditions
described in paragraphs (a) and (b) of subdivision (4) of
subsection 2 of section 160.400; or

(5) In a school district that has been accredited
without provisions, sponsored only by the local school board
under the conditions described in subdivision (6) of
subsection 2 of section 160.400.

20. (1) The members of the governing board of a
charter school shall be residents of the state of Missouri.

(2) Any current member of a governing board of a
charter school who does not meet the requirements in
subdivision (1) of this subsection may complete their term.
Such individual shall not be renominated as a member of the
governing board on which he or she sits.

21. (1) Any charter school management company
operating a charter school in the state shall be a nonprofit
corporation incorporated pursuant to chapter 355.

(2) Notwithstanding any provision of law to the
contrary, if a charter school is operated by a charter

286 school management company, all laws and regulations that
287 apply to employees of such charter school shall apply to the
288 actions of any employees of the management company while
289 they are conducting any work relating to the direct decision-
290 making of the operation of such charter school.

291 22. Beginning July 1, 2023, the provisions of section
292 160.995 shall be applicable to charter schools.

293 23. Each charter school shall publish its annual
294 performance report on the school's website in a downloadable
295 format.

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