

FIRST REGULAR SESSION

# SENATE BILL NO. 496

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR ESLINGER.

0773S.01H

KRISTINA MARTIN, 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Section A. Section 160.415, RSMo, is repealed and one new  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  
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.

**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 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  
191 grant, gift or donation shall not be accepted by the  
192 governing board if it is subject to any condition contrary  
193 to law applicable to the charter school or other public  
194 schools, or contrary to the terms of the charter.

195 15. **(1)** In addition to any state aid remitted to  
196 charter schools under this section, the department of  
197 elementary and secondary education shall remit to any  
198 charter school an amount equal to the weighted average daily  
199 attendance of the charter school multiplied by the  
200 difference of:

201 **[(1)] (a)** The amount of state aid and local aid per  
202 weighted average daily attendance received by the school  
203 district in which the charter school is located, not  
204 including any funds remitted to charter schools in the  
205 district. For the purposes of this subdivision, the  
206 weighted average daily attendance of the school district  
207 shall not include the weighted average daily attendance of  
208 the charter schools located in the district; and

209           [(2)] (b) The amount of state aid and local aid per  
210 weighted average daily attendance of the charter school  
211 received by the charter school.

212           (2) Beginning in the 2023-24 school year and for all  
213 subsequent years:

214           (a) Subdivision (1) of this subsection shall apply in  
215 the fiscal year immediately subsequent to any fiscal year in  
216 which the amount appropriated for pupil transportation under  
217 section 163.131 equals the highest percentage of the  
218 allowable costs of providing pupil transportation services  
219 authorized under section 163.161 in the preceding fiscal  
220 year; and

221           (b) If the amount appropriated for pupil  
222 transportation under section 163.131 in any succeeding  
223 fiscal year falls below such percentage described in  
224 paragraph (a) of this subdivision, subdivision (1) of this  
225 subsection shall not apply in subsequent fiscal years until  
226 the requirements described in paragraph (a) of this  
227 subdivision are met.

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

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

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

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

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

240           (a) Property taxes and delinquent taxes;



241 (b) Merchants' and manufacturers' tax revenues;  
242 (c) Financial institutions' tax revenues;  
243 (d) City sales tax revenue, including city sales tax  
244 collected in any city not within a county;  
245 (e) Payments in lieu of taxes; and  
246 (f) Revenues from state-assessed railroad and  
247 utilities tax;

248 (3) The term local aid shall not be construed to  
249 include:

250 (a) Charitable contributions, gifts, and grants made  
251 to school districts;

252 (b) Interest earnings of school districts and student  
253 fees paid to school districts;

254 (c) Debt service authorized by a public vote for the  
255 purpose of making payments on a bond issuance of a school  
256 district;

257 (d) Proposition C revenues received for school  
258 purposes from the school district trust fund under section  
259 163.087; or

260 (e) Any other funding solely intended for a particular  
261 school district or their respective employees, schools,  
262 foundations, or organizations;

263 (4) The term "state aid" shall mean any revenues  
264 received pursuant to this section and sections 163.043 and  
265 163.087.

266 19. Notwithstanding any other provision of law to the  
267 contrary, subsections 15 to 18 of this section shall be  
268 applicable to charter schools operated only:

269 (1) In a metropolitan school district;

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

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

275 (4) In a school district that has been classified as  
276 provisionally accredited by the state board of education and  
277 has received scores on its annual performance report  
278 consistent with a classification of provisionally accredited  
279 or unaccredited for three consecutive school years beginning  
280 with the 2012-13 accreditation year under the conditions  
281 described in paragraphs (a) and (b) of subdivision (4) of  
282 subsection 2 of section 160.400; or

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

287 20. (1) The members of the governing board of a  
288 charter school shall be residents of the state of Missouri.

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

294 21. Any charter school management company operating a  
295 charter school in the state shall be a nonprofit corporation  
296 incorporated pursuant to chapter 355.

297 22. Beginning July 1, 2023, the provisions of section  
298 160.995 shall be applicable to charter schools.

299 23. Each charter school shall publish its annual  
300 performance report on the school's website in a downloadable  
301 format.

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