

SECOND REGULAR SESSION

HOUSE BILL NO. 1664

100TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE RICHEY.

3766H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

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

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Section A. Section 160.415, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 160.415, to read as follows:

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 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

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18 and teachers' funds in excess of the performance levy as defined in section 163.011 plus all other
19 state aid attributable to such pupils.

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

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

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

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

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

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

46 5. If a school district fails to make timely payments of any amount for which it is the
47 disbursal agent, the state department of elementary and secondary education shall authorize
48 payment to the charter school of the amount due pursuant to subsection 2 of this section and shall
49 deduct the same amount from the next state school aid apportionment to the owing school
50 district. If a charter school is paid more or less than the amounts due pursuant to this section,
51 the amount of overpayment or underpayment shall be adjusted equally in the next twelve
52 payments by the school district or the department of elementary and secondary education, as
53 appropriate. Any dispute between the school district and a charter school as to the amount owing

54 to the charter school shall be resolved by the department of elementary and secondary education,
55 and the department's decision shall be the final administrative action for the purposes of review
56 pursuant to chapter 536. During the period of dispute, the department of elementary and
57 secondary education shall make every administrative and statutory effort to allow the continued
58 education of children in their current public charter school setting.

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

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

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

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

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

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

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

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

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

89 9. A charter school shall be eligible for transportation state aid pursuant to section
90 163.161 and shall be free to contract with the local district, or any other entity, for the provision
91 of transportation to the students of the charter school.

92 10. (1) The proportionate share of state and federal resources generated by students with
93 disabilities or staff serving them shall be paid in full to charter schools enrolling those students
94 by their school district where such enrollment is through a contract for services described in this
95 section. The proportionate share of money generated under other federal or state categorical aid
96 programs shall be directed to charter schools serving such students eligible for that aid.

97 (2) A charter school shall provide the special services provided pursuant to section
98 162.705 and may provide the special services pursuant to a contract with a school district or any
99 provider of such services.

100 11. A charter school ~~may~~ **shall** not charge tuition or impose fees that a school district
101 is prohibited from charging or imposing, except that a charter school may receive tuition
102 payments from districts in the same or an adjoining county for nonresident students who transfer
103 to an approved charter school, as defined in section 167.895, from an unaccredited district.

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

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

119 14. The governing ~~body~~ **board** of a charter school is authorized to accept grants, gifts
120 or donations of any kind and to expend or use such grants, gifts or donations. A grant, gift or
121 donation ~~may~~ **shall** not be accepted by the governing ~~body~~ **board** if it is subject to any
122 condition contrary to law applicable to the charter school or other public schools, or contrary to
123 the terms of the charter.

124 **15. (1) As used in this section, the following terms mean:**

- 125 (a) "Department", the department of elementary and secondary education;
126 (b) "Local aid", all local and county revenue received by the school district and
127 charter schools within the school district.
- 128 a. The term "local aid" includes, but is not limited to, the following:
- 129 (i) Merchants' and manufacturers' tax revenues;
130 (ii) Financial institutions tax revenues;
131 (iii) City sales tax revenue, including city sales tax collected in any city not within
132 a county;
- 133 (iv) Fines and escheats;
134 (v) Payments in lieu of taxes;
135 (vi) Revenues from state-assessed railroad and utilities tax; and
136 (vii) Any future aid.
- 137 b. The term "local aid" shall not be construed to include charitable contributions,
138 gifts, and grants made to school districts and charter schools, interest earnings of school
139 districts and charter schools, student fees paid to school districts and charter schools, or
140 any other funding solely intended for a particular school district or charter school and
141 their respective employees, schools, foundations, or organizations.
- 142 (2) Each charter school and each school district responsible for distributing local
143 aid to charter schools under this subsection shall include as part of their annual
144 independent audit an audit of pupil residency, enrollment, and attendance in order to
145 verify pupil residency in the school district or local education agency.
- 146 (3) A school district having one or more resident pupils attending a charter school
147 shall pay to the charter school an annual amount equal to the product of the charter
148 school's weighted average daily attendance and the state adequacy target, multiplied by
149 the dollar value modifier for the district, plus local tax revenues per weighted average daily
150 attendance from the incidental and teachers' funds in excess of the performance levy as
151 defined in section 163.011 plus all other state aid attributable to such pupils plus local aid
152 received by the school district divided by the total weighted average daily attendance of the
153 school district and all charter schools within the school district.
- 154 (4) A charter school that has declared itself as a local educational agency shall
155 receive all state aid calculated under this subsection from the department and all local aid
156 calculated under this subsection from the school district. A charter school shall receive an
157 annual amount equal to the product of the charter school's weighted average daily
158 attendance and the state adequacy target, multiplied by the dollar value modifier for the
159 district, plus local tax revenues per weighted average daily attendance from the incidental
160 and teachers funds in excess of the performance levy as defined in section 163.011 plus all

161 other state aid attributable to such pupils plus local aid received by the school district
162 divided by the total weighted average daily attendance of the school district and all charter
163 schools within the school district.

164 (5) Each month the school district shall calculate the amount of local aid owed to
165 the charter school by the school district under this subsection. The school district shall pay
166 to the charter school the amount of local aid owed to the charter school, as calculated by
167 the school district using the previous month's weighted average daily attendance of the
168 charter school. If any payment of local aid is due, the school district shall make monthly
169 payments on the twenty-first day of each month beginning in July of each year.

170 (a) If the school district fails to make timely payment the department shall impose
171 any penalty the department deems appropriate.

172 (b) The school district shall, as part of its annual audit as required by section
173 165.111, include a report converting the local aid received from an accrual basis to a cash
174 basis. Such report shall be made publicly available on its district website in a searchable
175 format or as a downloadable and searchable document.

176 (6) The department shall conduct an annual review of any payments made in the
177 previous fiscal year under subdivision (5) of this subsection to determine if there has been
178 any underpayment or overpayment. The annual review, to be conducted in January of
179 each year, shall include a calculation of the amount of local aid owed to charter schools
180 using the first preceding year's annual audit required by section 165.111. The school
181 district shall pay to the charter school the amount of local aid owed to the charter school
182 as calculated by the department. In the event of an underpayment, the school district shall
183 remit the underpayment amount to the charter school. In the event of an overpayment, the
184 charter school shall remit the overpayment amount to the school district.

185 (a) If the school district fails to remit any underpayment amount to the school
186 district within thirty days of notification of the underpayment amount, the department
187 shall impose any penalty the department deems appropriate.

188 (b) If the charter school fails to remit any overpayment amount to the school
189 district within thirty days of notification of the overpayment amount, the department shall
190 impose any penalty the department deems appropriate.

191 (7) If a prior year correction of the amount of local aid is necessary, the school
192 district shall recalculate the amount owed to a charter school and either remit any
193 underpayment amount to the charter school or provide a bill to the charter school for any
194 overpayment amount. Any underpayment or overpayment amount shall be remitted under
195 the schedules in paragraphs (a) and (b) of subdivision (6) of this subsection.

196 (8) This subsection shall become effective on July 1, 2021.

197 **16. The department may promulgate rules for the annual review of payments and**
198 **any penalties to be assessed under subsection 15 of this section. Any rule or portion of a**
199 **rule, as that term is defined in section 536.010, that is created under the authority**
200 **delegated in this section shall become effective only if it complies with and is subject to all**
201 **of the provisions of chapter 536 and, if applicable, section 536.028. This section and**
202 **chapter 536 are nonseverable, and if any of the powers vested with the general assembly**
203 **pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul**
204 **a rule are subsequently held unconstitutional, then the grant of rule making authority and**
205 **any rule proposed or adopted after August 28, 2020, shall be invalid and void.**

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