

SECOND REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 1664**  
**100TH GENERAL ASSEMBLY**

3766H.04C

DANA RADEMAN MILLER, Chief Clerk

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**AN ACT**

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

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*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Section A. Section 160.415, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 160.415, to read as follows: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. **This subsection shall apply to all school years ending on or before June 30, 2021.** 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.

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

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

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

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

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

33 **3. This subsection shall apply to all school years ending on or before June 30, 2021.**  
34 A workplace charter school shall receive payment for each eligible pupil as provided under  
35 subsection 2 of this section, except that if the student is not a resident of the district and is  
36 participating in a voluntary interdistrict transfer program, the payment for such pupils shall be  
37 the same as provided under section 162.1060.

38 **4. This subsection shall apply to all school years ending on or before June 30, 2021.**  
39 A charter school that has declared itself as a local educational agency shall receive from the  
40 department of elementary and secondary education an annual amount equal to the product of the  
41 charter school's weighted average daily attendance and the state adequacy target, multiplied by  
42 the dollar value modifier for the district, plus local tax revenues per weighted average daily  
43 attendance from the incidental and teachers funds in excess of the performance levy as defined  
44 in section 163.011 plus all other state aid attributable to such pupils. If a charter school declares  
45 itself as a local educational agency, the department of elementary and secondary education shall,  
46 upon notice of the declaration, reduce the payment made to the school district by the amount  
47 specified in this subsection and pay directly to the charter school the annual amount reduced  
48 from the school district's payment.

49 **5. This subsection shall apply to all school years ending on or before June 30, 2021.**  
50 If a school district fails to make timely payments of any amount for which it is the disbursal  
51 agent, the state department of elementary and secondary education shall authorize payment to  
52 the charter school of the amount due pursuant to subsection 2 of this section and shall deduct the  
53 same amount from the next state school aid apportionment to the owing school district. If a  
54 charter school is paid more or less than the amounts due pursuant to this section, the amount of

55 overpayment or underpayment shall be adjusted equally in the next twelve payments by the  
56 school district or the department of elementary and secondary education, as appropriate. Any  
57 dispute between the school district and a charter school as to the amount owing to the charter  
58 school shall be resolved by the department of elementary and secondary education, and the  
59 department's decision shall be the final administrative action for the purposes of review pursuant  
60 to chapter 536. During the period of dispute, the department of elementary and secondary  
61 education shall make every administrative and statutory effort to allow the continued education  
62 of children in their current public charter school setting.

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

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

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

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

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

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

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

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

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

93 9. A charter school shall be eligible for transportation state aid pursuant to section  
94 163.161 and shall be free to contract with the local district, or any other entity, for the provision  
95 of transportation to the students of the charter school.

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

101 (2) A charter school shall provide the special services provided pursuant to section  
102 162.705 and may provide the special services pursuant to a contract with a school district or any  
103 provider of such services.

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

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

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

123 14. The governing ~~body~~ **board** of a charter school is authorized to accept grants, gifts  
124 or donations of any kind and to expend or use such grants, gifts or donations. A grant, gift or  
125 donation ~~may~~ **shall** not be accepted by the governing ~~body~~ **board** if it is subject to any

126 condition contrary to law applicable to the charter school or other public schools, or contrary to  
127 the terms of the charter.

128 **15. (1) As used in this section, the following terms mean:**

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

130 **(b) "Local aid", all local and county revenue received by the school district and**  
131 **charter schools within the school district.**

132 **a. The term "local aid" includes, but is not limited to, the following:**

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

134 **(ii) Merchants' and manufacturers' tax revenues;**

135 **(iii) Financial institutions' tax revenues;**

136 **(iv) City sales tax revenue, including city sales tax collected in any city not within**  
137 **a county;**

138 **(v) Payments in lieu of taxes;**

139 **(vi) Revenues from state-assessed railroad and utilities tax; and**

140 **(vii) Any future aid.**

141 **b. The term "local aid" shall not be construed to include charitable contributions,**  
142 **gifts, and grants made to school districts and charter schools; interest earnings of school**  
143 **districts and charter schools; student fees paid to school districts and charter schools; debt**  
144 **service authorized by a public vote for the purpose of making payments on a bond issuance**  
145 **of a school district; Proposition C revenues received for school purposes from the school**  
146 **district trust fund under section 163.087; or any other funding solely intended for a**  
147 **particular school district or charter school and their respective employees, schools,**  
148 **foundations, or organizations.**

149 **(2) Each charter school and each school district responsible for distributing local**  
150 **aid to charter schools under this subsection shall include as part of their annual**  
151 **independent audit an audit of pupil residency, enrollment, and attendance in order to**  
152 **verify pupil residency in the school district or local education agency.**

153 **(3) A school district having one or more resident pupils attending a charter school**  
154 **shall pay to the charter school an annual amount equal to the product of the charter**  
155 **school's weighted average daily attendance and the state adequacy target, multiplied by**  
156 **the dollar value modifier for the district, less the charter school's share of local effort as**  
157 **defined in section 163.011 plus all other state aid attributable to such pupils plus local aid**  
158 **received by the school district divided by the total weighted average daily attendance of the**  
159 **school district and all charter schools within the school district.**

160 **(4) A charter school that has declared itself as a local educational agency shall**  
161 **receive all state aid calculated under this subsection from the department and all local aid**

162 calculated under this subsection from the school district. A charter school shall receive an  
163 annual amount equal to the product of the charter school's weighted average daily  
164 attendance and the state adequacy target, multiplied by the dollar value modifier for the  
165 district, less the charter school's share of local effort as defined in section 163.011 plus all  
166 other state aid attributable to such pupils plus local aid received by the school district  
167 divided by the total weighted average daily attendance of the school district and all charter  
168 schools within the school district.

169 (5) Each month the school district shall calculate the amount of local aid received  
170 by the school district that is owed to the charter school by the school district under this  
171 subsection. The school district shall pay to the charter school the amount of local aid owed  
172 to the charter school, as calculated by the school district using the previous month's  
173 weighted average daily attendance of the charter school. If any payment of local aid is due,  
174 the school district shall make monthly payments on the twenty-first day of each month or  
175 upon the closest business day beginning in July of each year.

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

178 (b) The school district shall, as part of its annual audit as required by section  
179 165.111, include a report converting the local aid received from an accrual basis to a cash  
180 basis. Such report shall be made publicly available on its district website in a searchable  
181 format or as a downloadable and searchable document.

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

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

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

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

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

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

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