FIRST REGULAR SESSION

HOUSE BILL NO. 629

100TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE QUADE.

1546H.01I

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 160.405 and 160.408, 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Section A. Sections 160.405 and 160.408, RSMo, are repealed and two new sections

enacted in lieu thereof, to be known as sections 160.405 and 160.408, to read as follows: 160.405. 1. A person, group or organization seeking to establish a charter school shall

- submit the proposed charter, as provided in this section, to a sponsor. If the sponsor is not a
- school board, the applicant shall give a copy of its application to the school board of the district
- in which the charter school is to be located and to the state board of education, within five
- business days of the date the application is filed with the proposed sponsor. The school board
- may file objections with the proposed sponsor, and, if a charter is granted, the school board may
- file objections with the state board of education. The charter shall include a legally binding
- performance contract that describes the obligations and responsibilities of the school and the
- sponsor as outlined in sections 160.400 to 160.425 and section 167.349 and shall address the
- 10 following:

11

- (1) A mission and vision statement for the charter school;
- 12 (2) A description of the charter school's organizational structure and bylaws of the governing body, which will be responsible for the policy, financial management, and operational 13 14 decisions of the charter school, including the nature and extent of parental, professional educator,
- 15 and community involvement in the governance and operation of the charter school;
- 16 (3) A financial plan for the first three years of operation of the charter school including provisions for annual audits; 17

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

18 (4) A description of the charter school's policy for securing personnel services, its 19 personnel policies, personnel qualifications, and professional development plan;

- (5) A description of the grades or ages of students being served;
- (6) The school's calendar of operation, which shall include at least the equivalent of a full school term as defined in section 160.011;
- (7) A description of the charter school's pupil performance standards and academic program performance standards, which shall meet the requirements of subdivision (6) of subsection 4 of this section. The charter school program shall be designed to enable each pupil to achieve such standards and shall contain a complete set of indicators, measures, metrics, and targets for academic program performance, including specific goals on graduation rates and standardized test performance and academic growth;
 - (8) A description of the charter school's educational program and curriculum;
 - (9) The term of the charter, which shall be five years and may be renewed;
- (10) Procedures, consistent with the Missouri financial accounting manual, for monitoring the financial accountability of the charter, which shall meet the requirements of subdivision (4) of subsection 4 of this section;
- (11) Preopening requirements for applications that require that charter schools meet all health, safety, and other legal requirements prior to opening;
- (12) A description of the charter school's policies on student discipline and student admission, which shall include a statement, where applicable, of the validity of attendance of students who do not reside in the district but who may be eligible to attend under the terms of judicial settlements and procedures that ensure admission of students with disabilities in a nondiscriminatory manner;
 - (13) A description of the charter school's grievance procedure for parents or guardians;
- (14) A description of the agreement and time frame for implementation between the charter school and the sponsor as to when a sponsor shall intervene in a charter school, when a sponsor shall revoke a charter for failure to comply with subsection 8 of this section, and when a sponsor will not renew a charter under subsection 9 of this section;
- 46 (15) Procedures to be implemented if the charter school should close, as provided in subdivision (6) of subsection 16 of section 160.400 including:
 - (a) Orderly transition of student records to new schools and archival of student records;
 - (b) Archival of business operation and transfer or repository of personnel records;
- 50 (c) Submission of final financial reports;
 - (d) Resolution of any remaining financial obligations;
- 52 (e) Disposition of the charter school's assets upon closure; and

53 (f) A notification plan to inform parents or guardians of students, the local school 54 district, the retirement system in which the charter school's employees participate, and the state 55 board of education within thirty days of the decision to close;

- (16) A description of the special education and related services that shall be available to meet the needs of students with disabilities; and
- (17) For all new or revised charters, procedures to be used upon closure of the charter school requiring that unobligated assets of the charter school be returned to the department of elementary and secondary education for their disposition, which upon receipt of such assets shall return them to the local school district in which the school was located, the state, or any other entity to which they would belong.

- Charter schools operating on August 27, 2012, shall have until August 28, 2015, to meet the requirements of this subsection.
 - 2. Proposed charters shall be subject to the following requirements:
- (1) A charter shall be submitted to the sponsor, and follow the sponsor's policies and procedures for review and granting of a charter approval, and be approved by the state board of education or, if subject to the provisions of subdivision (3) of subsection 3 of this section, by the voters of the district in which the charter school is to be located by January thirty-first prior to the school year of the proposed opening date of the charter school;
- (2) A charter may be approved when the sponsor determines that the requirements of this section are met, determines that the applicant is sufficiently qualified to operate a charter school, and that the proposed charter is consistent with the sponsor's charter sponsorship goals and capacity. The sponsor's decision of approval or denial shall be made within ninety days of the filing of the proposed charter;
- (3) If the charter is denied, the proposed sponsor shall notify the applicant in writing as to the reasons for its denial and forward a copy to the state board of education within five business days following the denial;
- (4) If a proposed charter is denied by a sponsor, the proposed charter may be submitted to the state board of education, along with the sponsor's written reasons for its denial. If the state board determines that the applicant meets the requirements of this section, that the applicant is sufficiently qualified to operate the charter school, and that granting a charter to the applicant would be likely to provide educational benefit to the children of the district, the state board may grant a charter and act as sponsor of the charter school. The state board shall review the proposed charter and make a determination of whether to deny or grant the proposed charter within sixty days of receipt of the proposed charter, provided that any charter to be considered by the state board of education under this subdivision shall be submitted no later than March first

97

98

99

100

101

102

103

104

105

106

107

108

109

110

111

112

113

114

115

116

117

118

119

120

121

122

123

124

89 prior to the school year in which the charter school intends to begin operations. The state board 90 of education shall notify the applicant in writing as to the reasons for its denial, if applicable. 91 Notwithstanding the above, if a charter application is submitted under this subdivision in 92 school year 2020-21 or any subsequent year that proposes operating a charter school in any 93 district described in subdivision (3) or (4) of subsection 2 of section 160.400, any decision 94 by the state board of education to grant such charter shall not become effective until 95 approved by the voters of the district in which the charter school is to be located as 96 described in subdivision (3) of subsection 3 of this section; and

- (5) The sponsor of a charter school shall give priority to charter school applicants that propose a school oriented to high-risk students and to the reentry of dropouts into the school system. If a sponsor grants three or more charters, at least one-third of the charters granted by the sponsor shall be to schools that actively recruit dropouts or high-risk students as their student body and address the needs of dropouts or high-risk students through their proposed mission, curriculum, teaching methods, and services. For purposes of this subsection, a "high-risk" student is one who is at least one year behind in satisfactory completion of course work or obtaining high school credits for graduation, has dropped out of school, is at risk of dropping out of school, needs drug and alcohol treatment, has severe behavioral problems, has been suspended from school three or more times, has a history of severe truancy, is a pregnant or parenting teen, has been referred for enrollment by the judicial system, is exiting incarceration, is a refugee, is homeless or has been homeless sometime within the preceding six months, has been referred by an area school district for enrollment in an alternative program, or qualifies as high risk under department of elementary and secondary education guidelines. Dropout shall be defined through the guidelines of the school core data report. The provisions of this subsection do not apply to charters sponsored by the state board of education.
- 3. (1) If a charter is approved by a sponsor, the charter application shall be submitted to the state board of education, along with a statement of finding by the sponsor that the application meets the requirements of sections 160.400 to 160.425 and section 167.349 and a monitoring plan under which the charter sponsor shall evaluate the academic performance, including annual performance reports, of students enrolled in the charter school.
- (2) Except as otherwise provided in subdivision (3) of this subsection, the state board of education shall approve or deny a charter application within sixty days of receipt of the application. The state board of education may deny a charter on grounds that the application fails to meet the requirements of sections 160.400 to 160.425 and section 167.349 or that a charter sponsor previously failed to meet the statutory responsibilities of a charter sponsor. Any denial of a charter application made by the state board of education shall be in writing and shall identify the specific failures of the application to meet the requirements of sections 160.400 to 160.425

and section 167.349, and the written denial shall be provided within ten business days to the sponsor.

- (3) (a) If a charter application is submitted to the state board of education in school year 2020-21 or any subsequent year that proposes operating a charter school in any district described in subdivision (3), (4), or (5) of subsection 2 of section 160.400, the state board of education shall review the application and determine within sixty days of receipt whether the application meets the requirements of sections 160.400 to 160.425 and section 167.349.
- (b) If the application fails to meet the requirements of sections 160.400 to 160.425 and section 167.349, the state board of education shall deny the charter in writing, identify the specific failures of the application to meet the requirements of sections 160.400 to 160.425 and section 167.349 in the written denial, and provide the written denial within ten business days to the sponsor.
- (c) If the application meets the requirements of sections 160.400 to 160.425 and section 167.349, the state board of education shall direct the board of directors of the school district in which the charter school is proposed to be located to cause the question of charter approval to be submitted to the voters of the district at the next municipal election or, if the next annual school election is more than sixty days away, cause the question to be submitted to the voters in the district at a special election called in accordance with law on a date set by the state board of education. The election shall be conducted in the manner provided by law for the conducting of school district elections generally. A majority affirmative vote for approval is required for approval of the charter school application.
 - 4. A charter school shall, as provided in its charter:
- 149 (1) Be nonsectarian in its programs, admission policies, employment practices, and all 150 other operations;
 - (2) Comply with laws and regulations of the state, county, or city relating to health, safety, and state minimum educational standards, as specified by the state board of education, including the requirements relating to student discipline under sections 160.261, 167.161, 167.164, and 167.171, notification of criminal conduct to law enforcement authorities under sections 167.115 [to] and 167.117, academic assessment under section 160.518, transmittal of school records under section 167.020, the minimum amount of school time required under section 171.031, and the employee criminal history background check and the family care safety registry check under section 168.133;

(3) Except as provided in sections 160.400 to 160.425 and as specifically provided in other sections, be exempt from all laws and rules relating to schools, governing boards and school districts;

- (4) Be financially accountable, use practices consistent with the Missouri financial accounting manual, provide for an annual audit by a certified public accountant, publish audit reports and annual financial reports as provided in chapter 165, provided that the annual financial report may be published on the department of elementary and secondary education's internet website in addition to other publishing requirements, and provide liability insurance to indemnify the school, its board, staff and teachers against tort claims. A charter school that receives local educational agency status under subsection 6 of this section shall meet the requirements imposed by the Elementary and Secondary Education Act for audits of such agencies and comply with all federal audit requirements for charters with local educational agency status. For purposes of an audit by petition under section 29.230, a charter school shall be treated as a political subdivision on the same terms and conditions as the school district in which it is located. For the purposes of securing such insurance, a charter school shall be eligible for the Missouri public entity risk management fund pursuant to section 537.700. A charter school that incurs debt shall include a repayment plan in its financial plan;
- (5) Provide a comprehensive program of instruction for at least one grade or age group from early childhood through grade twelve, as specified in its charter;
- (6) (a) Design a method to measure pupil progress toward the pupil academic standards adopted by the state board of education pursuant to section 160.514, establish baseline student performance in accordance with the performance contract during the first year of operation, collect student performance data as defined by the annual performance report throughout the duration of the charter to annually monitor student academic performance, and to the extent applicable based upon grade levels offered by the charter school, participate in the statewide system of assessments, comprised of the essential skills tests and the nationally standardized norm-referenced achievement tests, as designated by the state board pursuant to section 160.518, complete and distribute an annual report card as prescribed in section 160.522, which shall also include a statement that background checks have been completed on the charter school's board members, and report to its sponsor, the local school district, and the state board of education as to its teaching methods and any educational innovations and the results thereof. No charter school shall be considered in the Missouri school improvement program review of the district in which it is located for the resource or process standards of the program.
- (b) For proposed high-risk or alternative charter schools, sponsors shall approve performance measures based on mission, curriculum, teaching methods, and services. Sponsors shall also approve comprehensive academic and behavioral measures to determine whether

students are meeting performance standards on a different time frame as specified in that school's charter. Student performance shall be assessed comprehensively to determine whether a high-risk or alternative charter school has documented adequate student progress. Student performance shall be based on sponsor-approved comprehensive measures as well as standardized public school measures. Annual presentation of charter school report card data to the department of elementary and secondary education, the state board, and the public shall include comprehensive measures of student progress.

- (c) Nothing in this subdivision shall be construed as permitting a charter school to be held to lower performance standards than other public schools within a district; however, the charter of a charter school may permit students to meet performance standards on a different time frame as specified in its charter. The performance standards for alternative and special purpose charter schools that target high-risk students as defined in subdivision (5) of subsection 2 of this section shall be based on measures defined in the school's performance contract with its sponsors;
- (7) Comply with all applicable federal and state laws and regulations regarding students with disabilities, including sections 162.670 to 162.710, the Individuals with Disabilities Education Act (20 U.S.C. Section 1400, et seq.) and Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794) or successor legislation;
- 213 (8) Provide along with any request for review by the state board of education the 214 following:
 - (a) Documentation that the applicant has provided a copy of the application to the school board of the district in which the charter school is to be located, except in those circumstances where the school district is the sponsor of the charter school; and
 - (b) A statement outlining the reasons for approval or denial by the sponsor, specifically addressing the requirements of sections 160.400 to 160.425 and 167.349.
 - 5. (1) Proposed or existing high-risk or alternative charter schools may include alternative arrangements for students to obtain credit for satisfying graduation requirements in the school's charter application and charter. Alternative arrangements may include, but not be limited to, credit for off-campus instruction, embedded credit, work experience through an internship arranged through the school, and independent studies. When the state board of education approves the charter, any such alternative arrangements shall be approved at such time; except that, if a charter is subject to the provisions of subdivision (3) of subsection 3 of this section, the state board of education shall approve or deny such alternative arrangements before the question of charter approval is submitted to the voters.
 - (2) The department of elementary and secondary education shall conduct a study of any charter school granted alternative arrangements for students to obtain credit under this subsection

8 HB 629

233

234

235

236

237

238

239

240

241

242

243

244

245

246

247

248

249

250

251

252

253

254

255

256

257

258

259

260

261

263

264

265

231 after three years of operation to assess student performance, graduation rates, educational 232 outcomes, and entry into the workforce or higher education.

- 6. The charter of a charter school may be amended at the request of the governing body of the charter school and on the approval of the sponsor. The sponsor and the governing board and staff of the charter school shall jointly review the school's performance, management and operations during the first year of operation and then every other year after the most recent review or at any point where the operation or management of the charter school is changed or transferred to another entity, either public or private. The governing board of a charter school may amend the charter, if the sponsor approves such amendment, or the sponsor and the governing board may reach an agreement in writing to reflect the charter school's decision to become a local educational agency. In such case the sponsor shall give the department of elementary and secondary education written notice no later than March first of any year, with the agreement to become effective July first. The department may waive the March first notice date in its discretion. The department shall identify and furnish a list of its regulations that pertain to local educational agencies to such schools within thirty days of receiving such notice.
- 7. Sponsors shall annually review the charter school's compliance with statutory standards including:
- (1) Participation in the statewide system of assessments, as designated by the state board of education under section 160.518;
- (2) Assurances for the completion and distribution of an annual report card as prescribed in section 160.522;
- (3) The collection of baseline data during the first three years of operation to determine the longitudinal success of the charter school;
- (4) A method to measure pupil progress toward the pupil academic standards adopted by the state board of education under section 160.514; and
 - (5) Publication of each charter school's annual performance report.
- 8. (1) (a) A sponsor's policies shall give schools clear, adequate, evidence-based, and timely notice of contract violations or performance deficiencies and mandate intervention based upon findings of the state board of education of the following:
- The charter school provides a high school program which fails to maintain a graduation rate of at least seventy percent in three of the last four school years unless the school 262 has dropout recovery as its mission;
 - b. The charter school's annual performance report results are below the district's annual performance report results based on the performance standards that are applicable to the grade level configuration of both the charter school and the district in which the charter school is located in three of the last four school years; and

267 c. The charter school is identified as a persistently lowest achieving school by the department of elementary and secondary education.

- (b) A sponsor shall have a policy to revoke a charter during the charter term if there is:
- a. Clear evidence of underperformance as demonstrated in the charter school's annual performance report in three of the last four school years; or
 - b. A violation of the law or the public trust that imperils students or public funds.
- (c) A sponsor shall revoke a charter or take other appropriate remedial action, which may include placing the charter school on probationary status for no more than twenty-four months, provided that no more than one designation of probationary status shall be allowed for the duration of the charter contract, at any time if the charter school commits a serious breach of one or more provisions of its charter or on any of the following grounds: failure to meet the performance contract as set forth in its charter, failure to meet generally accepted standards of fiscal management, failure to provide information necessary to confirm compliance with all provisions of the charter and sections 160.400 to 160.425 and 167.349 within forty-five days following receipt of written notice requesting such information, or violation of law.
- (2) The sponsor may place the charter school on probationary status to allow the implementation of a remedial plan, which may require a change of methodology, a change in leadership, or both, after which, if such plan is unsuccessful, the charter may be revoked.
- (3) At least sixty days before acting to revoke a charter, the sponsor shall notify the governing board of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action. The school's governing board may request in writing a hearing before the sponsor within two weeks of receiving the notice.
- (4) The sponsor of a charter school shall establish procedures to conduct administrative hearings upon determination by the sponsor that grounds exist to revoke a charter. Final decisions of a sponsor from hearings conducted pursuant to this subsection are subject to an appeal to the state board of education, which shall determine whether the charter shall be revoked.
- (5) A termination shall be effective only at the conclusion of the school year, unless the sponsor determines that continued operation of the school presents a clear and immediate threat to the health and safety of the children.
- (6) A charter sponsor shall make available the school accountability report card information as provided under section 160.522 and the results of the academic monitoring required under subsection 3 of this section.
- 9. (1) A sponsor shall take all reasonable steps necessary to confirm that each charter school sponsored by such sponsor is in material compliance and remains in material compliance with all material provisions of the charter and sections 160.400 to 160.425 and 167.349. Every

charter school shall provide all information necessary to confirm ongoing compliance with all provisions of its charter and sections 160.400 to 160.425 and 167.349 in a timely manner to its sponsor.

- (2) The sponsor's renewal process of the charter school shall be based on the thorough analysis of a comprehensive body of objective evidence and consider if:
- (a) The charter school has maintained results on its annual performance report that meet or exceed the district in which the charter school is located based on the performance standards that are applicable to the grade-level configuration of both the charter school and the district in which the charter school is located in three of the last four school years;
- (b) The charter school is organizationally and fiscally viable determining at a minimum that the school does not have:
 - a. A negative balance in its operating funds;
- b. A combined balance of less than three percent of the amount expended for such funds during the previous fiscal year; or
 - c. Expenditures that exceed receipts for the most recently completed fiscal year;
 - (c) The charter is in compliance with its legally binding performance contract and sections 160.400 to 160.425 and section 167.349; and
 - (d) The charter school has an annual performance report consistent with a classification of accredited for three of the last four years and is fiscally viable as described in paragraph (b) of this subdivision. If such is the case, the charter school may have an expedited renewal process as defined by rule of the department of elementary and secondary education.
 - (3) (a) Beginning August first during the year in which a charter is considered for renewal, a charter school sponsor shall demonstrate to the state board of education that the charter school is in compliance with federal and state law as provided in sections 160.400 to 160.425 and section 167.349 and the school's performance contract including but not limited to those requirements specific to academic performance.
 - (b) Along with data reflecting the academic performance standards indicated in paragraph (a) of this subdivision, the sponsor shall submit a revised charter application to the state board of education for review.
 - (c) Using the data requested and the revised charter application under paragraphs (a) and (b) of this subdivision, the state board of education shall determine if compliance with all standards enumerated in this subdivision has been achieved. The state board of education at its next regularly scheduled meeting shall vote on the revised charter application.
- 336 (d) If a charter school sponsor demonstrates the objectives identified in this subdivision, 337 the state board of education shall renew the school's charter.
- 10. A school district may enter into a lease with a charter school for physical facilities.

348

349

350

351

352

353

354355

356

357

358

359

360

361

362

363

364

365

366

367

368

2

- 339 11. A governing board or a school district employee who has control over personnel 340 actions shall not take unlawful reprisal against another employee at the school district because 341 the employee is directly or indirectly involved in an application to establish a charter school. A 342 governing board or a school district employee shall not take unlawful reprisal against an 343 educational program of the school or the school district because an application to establish a 344 charter school proposes the conversion of all or a portion of the educational program to a charter 345 school. As used in this subsection, "unlawful reprisal" means an action that is taken by a 346 governing board or a school district employee as a direct result of a lawful application to 347 establish a charter school and that is adverse to another employee or an educational program.
 - 12. Charter school board members shall be subject to the same liability for acts while in office as if they were regularly and duly elected members of school boards in any other public school district in this state. The governing board of a charter school may participate, to the same extent as a school board, in the Missouri public entity risk management fund in the manner provided under sections 537.700 to 537.756.
 - 13. Any entity, either public or private, operating, administering, or otherwise managing a charter school shall be considered a quasi-public governmental body and subject to the provisions of sections 610.010 to 610.035.
 - 14. The chief financial officer of a charter school shall maintain:
 - (1) A surety bond in an amount determined by the sponsor to be adequate based on the cash flow of the school; or
 - (2) An insurance policy issued by an insurance company licensed to do business in Missouri on all employees in the amount of five hundred thousand dollars or more that provides coverage in the event of employee theft.
 - 15. The department of elementary and secondary education shall calculate an annual performance report for each charter school and shall publish it in the same manner as annual performance reports are calculated and published for districts and attendance centers.
 - 16. The joint committee on education shall create a committee to investigate facility access and affordability for charter schools. The committee shall be comprised of equal numbers of the charter school sector and the public school sector and shall report its findings to the general assembly by December 31, 2016.
 - 160.408. 1. For purposes of this section, "high-quality charter school" means a charter school operating in the state of Missouri that meets the following requirements:
 - 3 (1) Receives eighty-five percent or more of the total points on the annual performance 4 report for three out of the last four school years by comparing points earned to the points possible 5 on the annual performance report for three of the last four school years;

6 (2) Maintains a graduation rate of at least eighty percent for three of the last four school years, if the charter school provides a high school program;

- 8 (3) Is in material compliance with its legally binding performance contract and sections 9 160.400 to 160.425 and section 167.349; and
 - (4) Is organizationally and fiscally viable as described in paragraph (b) of subdivision (2) of subsection 9 of section 160.405.
 - 2. Notwithstanding any other provision of law, high-quality charter schools shall be provided expedited opportunities to replicate and expand into unaccredited districts, a metropolitan district, or an urban school district containing most or all of a home rule city with more than four hundred thousand inhabitants and located in more than one county. Such replication and expansion shall be subject to the following:
 - (1) The school seeking to replicate or expand shall submit its proposed charter to a proposed sponsor. The charter shall include a legally binding performance contract that meets the requirements of sections 160.400 to 160.425 and section 167.349;
 - (2) The sponsor's decision to approve or deny shall be made within sixty days of the filing of the proposed charter with the proposed sponsor;
 - (3) If a charter is approved by a sponsor, the charter application shall be filed with the state board of education with a statement of finding from the sponsor that the application meets the requirements of sections 160.400 to 160.425 and section 167.349 and a monitoring plan under which the sponsor shall evaluate the academic performance of students enrolled in the charter school. Such filing shall be made by January thirty-first prior to the school year in which the charter school intends to begin operations; and
 - (4) If the charter application is filed with the state board of education in school year 2020-21 or any subsequent year and proposes replicating and expanding into an unaccredited district, the charter application shall not be approved until the voters have approved it as described in subdivision (3) of subsection 3 of section 160.405.
 - 3. The term of the charter for schools operating under this section shall be five years, and the charter may be renewed for terms of up to ten years. Renewal shall be subject to the provisions of paragraphs (a) to (d) of subdivision (3) of subsection 9 of section 160.405.

/