

FIRST REGULAR SESSION  
[PERFECTED]  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 137**  
**101ST GENERAL ASSEMBLY**

0081H.03P

DANA RADEMAN MILLER, Chief Clerk

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**AN ACT**

To repeal sections 160.400, 160.415, 163.024, and 167.151, RSMo, and to enact in lieu thereof four new sections relating to funding for schools, with an emergency clause.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 160.400, 160.415, 163.024, and 167.151, RSMo, are repealed and  
2 four new sections enacted in lieu thereof, to be known as sections 160.400, 160.415, 163.024,  
3 and 167.151, to read as follows:

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

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

4 (1) In a metropolitan school district;

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

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

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

13 (a) The eligibility for charter schools of any school district whose provisional  
14 accreditation is based in whole or in part on financial stress as defined in sections 161.520 to  
15 161.529, or on financial hardship as defined by rule of the state board of education, shall be

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.

16 decided by a vote of the state board of education during the third consecutive school year after  
17 the designation of provisional accreditation; and

18 (b) The sponsor is limited to the local school board or a sponsor who has met the  
19 standards of accountability and performance as determined by the department based on sections  
20 160.400 to 160.425 and section 167.349 and properly promulgated rules of the department; or

21 (5) In a school district that has been accredited without provisions, sponsored only by  
22 the local school board; provided that no board with a current year enrollment of one thousand  
23 five hundred fifty students or greater shall permit more than thirty-five percent of its student  
24 enrollment to enroll in charter schools sponsored by the local board under the authority of this  
25 subdivision, except that this restriction shall not apply to any school district that subsequently  
26 becomes eligible under subdivision (3) or (4) of this subsection or to any district accredited  
27 without provisions that sponsors charter schools prior to having a current year student enrollment  
28 of one thousand five hundred fifty students or greater.

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

31 (1) The school board of the district in any district which is sponsoring a charter school  
32 as of August 27, 2012, as permitted under subdivision (1) or (2) of subsection 2 of this section,  
33 the special administrative board of a metropolitan school district during any time in which  
34 powers granted to the district's board of education are vested in a special administrative board,  
35 or if the state board of education appoints a special administrative board to retain the authority  
36 granted to the board of education of an urban school district containing most or all of a city with  
37 a population greater than three hundred fifty thousand inhabitants, the special administrative  
38 board of such school district;

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

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

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

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

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

50 4. Changes in a school district's accreditation status that affect charter schools shall be  
51 addressed as follows, except for the districts described in subdivisions (1) and (2) of subsection  
52 2 of this section:

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

56 (2) As a district transitions from provisionally accredited to full accreditation, the district  
57 shall continue to fall under the requirements for a provisionally accredited district until it  
58 achieves three consecutive full school years of full accreditation;

59 (3) In any school district classified as unaccredited or provisionally accredited where a  
60 charter school is operating and is sponsored by an entity other than the local school board, when  
61 the school district becomes classified as accredited without provisions, a charter school may  
62 continue to be sponsored by the entity sponsoring it prior to the classification of accredited  
63 without provisions and shall not be limited to the local school board as a sponsor.

64

65 A charter school operating in a school district identified in subdivision (1) or (2) of subsection  
66 2 of this section may be sponsored by any of the entities identified in subsection 3 of this section,  
67 irrespective of the accreditation classification of the district in which it is located. A charter  
68 school in a district described in this subsection whose charter provides for the addition of grade  
69 levels in subsequent years may continue to add levels until the planned expansion is complete  
70 to the extent of grade levels in comparable schools of the district in which the charter school is  
71 operated.

72 5. The mayor of a city not within a county may request a sponsor under subdivision (2),  
73 (3), (4), (5), or (6) of subsection 3 of this section to consider sponsoring a "workplace charter  
74 school", which is defined for purposes of sections 160.400 to 160.425 as a charter school with  
75 the ability to target prospective students whose parent or parents are employed in a business  
76 district, as defined in the charter, which is located in the city.

77 6. No sponsor shall receive from an applicant for a charter school any fee of any type for  
78 the consideration of a charter, nor may a sponsor condition its consideration of a charter on the  
79 promise of future payment of any kind.

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

83 8. As a nonprofit corporation incorporated pursuant to chapter 355, the charter school  
84 shall select the method for election of officers pursuant to section 355.326 based on the class of

85 corporation selected. Meetings of the governing board of the charter school shall be subject to  
86 the provisions of sections 610.010 to 610.030.

87 9. A sponsor of a charter school, its agents and employees are not liable for any acts or  
88 omissions of a charter school that it sponsors, including acts or omissions relating to the charter  
89 submitted by the charter school, the operation of the charter school and the performance of the  
90 charter school.

91 10. A charter school may affiliate with a four-year college or university, including a  
92 private college or university, or a community college as otherwise specified in subsection 3 of  
93 this section when its charter is granted by a sponsor other than such college, university or  
94 community college. Affiliation status recognizes a relationship between the charter school and  
95 the college or university for purposes of teacher training and staff development, curriculum and  
96 assessment development, use of physical facilities owned by or rented on behalf of the college  
97 or university, and other similar purposes. A university, college or community college may not  
98 charge or accept a fee for affiliation status.

99 11. The expenses associated with sponsorship of charter schools shall be defrayed by the  
100 department of elementary and secondary education retaining one and five-tenths percent of the  
101 amount of state and local funding allocated to the charter school under section 160.415, not to  
102 exceed one hundred twenty-five thousand dollars, adjusted for inflation. The department of  
103 elementary and secondary education shall remit the retained funds for each charter school to the  
104 school's sponsor, provided the sponsor remains in good standing by fulfilling its sponsorship  
105 obligations under sections 160.400 to 160.425 and 167.349 with regard to each charter school  
106 it sponsors, including appropriate demonstration of the following:

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

109 (2) Maintains a comprehensive application process that follows fair procedures and  
110 rigorous criteria and grants charters only to those developers who demonstrate strong capacity  
111 for establishing and operating a quality charter school;

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

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

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

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

124           13. No university, college or community college shall grant a charter to a nonprofit  
125 corporation if an employee of the university, college or community college is a member of the  
126 corporation's board of directors.

127           14. No sponsor shall grant a charter under sections 160.400 to 160.425 and 167.349  
128 without ensuring that a criminal background check and family care safety registry check are  
129 conducted for all members of the governing board of the charter schools or the incorporators of  
130 the charter school if initial directors are not named in the articles of incorporation, nor shall a  
131 sponsor renew a charter without ensuring a criminal background check and family care safety  
132 registry check are conducted for each member of the governing board of the charter school. **No**  
133 **individual shall be allowed to serve on a governing board of a charter school if the**  
134 **individual has been found guilty of or pled guilty to a felony under the federal laws of the**  
135 **United States of America, or to a felony under the laws of this state or an offense**  
136 **committed in another state that would be considered a felony in this state, or if such**  
137 **individual is prohibited from serving on any school board under section 162.014.**

138           15. No member of the governing board of a charter school shall hold any office or  
139 employment from the board or the charter school while serving as a member, nor shall the  
140 member have any substantial interest, as defined in section 105.450, in any entity employed by  
141 or contracting with the board. No board member shall be an employee of a company that  
142 provides substantial services to the charter school. All members of the governing board of the  
143 charter school shall be considered decision-making public servants as defined in section 105.450  
144 for the purposes of the financial disclosure requirements contained in sections 105.483, 105.485,  
145 105.487, and 105.489.

146           16. A sponsor shall develop the policies and procedures for:

147           (1) The review of a charter school proposal including an application that provides  
148 sufficient information for rigorous evaluation of the proposed charter and provides clear  
149 documentation that the education program and academic program are aligned with the state  
150 standards and grade-level expectations, and provides clear documentation of effective  
151 governance and management structures, and a sustainable operational plan;

152           (2) The granting of a charter;

153           (3) The performance contract that the sponsor will use to evaluate the performance of  
154 charter schools. Charter schools shall meet current state academic performance standards as well  
155 as other standards agreed upon by the sponsor and the charter school in the performance contract;

156 (4) The sponsor's intervention, renewal, and revocation policies, including the conditions  
157 under which the charter sponsor may intervene in the operation of the charter school, along with  
158 actions and consequences that may ensue, and the conditions for renewal of the charter at the end  
159 of the term, consistent with subsections 8 and 9 of section 160.405;

160 (5) Additional criteria that the sponsor will use for ongoing oversight of the charter; and

161 (6) Procedures to be implemented if a charter school should close, consistent with the  
162 provisions of subdivision (15) of subsection 1 of section 160.405.

163

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

165 17. (1) A sponsor shall provide timely submission to the state board of education of all  
166 data necessary to demonstrate that the sponsor is in material compliance with all requirements  
167 of sections 160.400 to 160.425 and section 167.349. The state board of education shall ensure  
168 each sponsor is in compliance with all requirements under sections 160.400 to 160.425 and  
169 167.349 for each charter school sponsored by any sponsor. The state board shall notify each  
170 sponsor of the standards for sponsorship of charter schools, delineating both what is mandated  
171 by statute and what best practices dictate. The state board shall evaluate sponsors to determine  
172 compliance with these standards every three years. The evaluation shall include a sponsor's  
173 policies and procedures in the areas of charter application approval; required charter agreement  
174 terms and content; sponsor performance evaluation and compliance monitoring; and charter  
175 renewal, intervention, and revocation decisions. Nothing shall preclude the department from  
176 undertaking an evaluation at any time for cause.

177 (2) If the department determines that a sponsor is in material noncompliance with its  
178 sponsorship duties, the sponsor shall be notified and given reasonable time for remediation. If  
179 remediation does not address the compliance issues identified by the department, the  
180 commissioner of education shall conduct a public hearing and thereafter provide notice to the  
181 charter sponsor of corrective action that will be recommended to the state board of education.  
182 Corrective action by the department may include withholding the sponsor's funding and  
183 suspending the sponsor's authority to sponsor a school that it currently sponsors or to sponsor any  
184 additional school until the sponsor is reauthorized by the state board of education under section  
185 160.403.

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

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

194 18. If a sponsor notifies a charter school of closure under subsection 8 of section  
195 160.405, the department of elementary and secondary education shall exercise its financial  
196 withholding authority under subsection 12 of section 160.415 to assure all obligations of the  
197 charter school shall be met. The state, charter sponsor, or resident district shall not be liable for  
198 any outstanding liability or obligations of the charter school.

160.415. 1. For the purposes of calculation and distribution of state school aid under  
2 section 163.031, pupils enrolled in a charter school shall be included in the pupil enrollment of  
3 the school district within which each pupil resides. Each charter school shall report the ~~[names,~~  
4 ~~addresses, and]~~ eligibility for free and reduced price lunch, special education, or limited English  
5 proficiency status, as well as eligibility for categorical aid, of pupils resident in a school district  
6 who are enrolled in the charter school to the school district in which those pupils reside. The  
7 charter school shall report the average daily attendance data, free and reduced price lunch count,  
8 special education pupil count, and limited English proficiency pupil count to the state department  
9 of elementary and secondary education. Each charter school shall promptly notify the state  
10 department of elementary and secondary education and the pupil's school district when a student  
11 discontinues enrollment at a charter school.

12 2. **In all school districts except a metropolitan school district, this subsection shall**  
13 **apply to all school years ending on or before June 30, 2022. In all metropolitan school**  
14 **districts, this subsection shall apply to all school years ending on or before June 30, 2024.**  
15 Except as provided in subsections 3 and 4 of this section, the aid payments for charter schools  
16 shall be as described in this subsection.

17 (1) A school district having one or more resident pupils attending a charter school shall  
18 pay to the charter school an annual amount equal to the product of the charter school's weighted  
19 average daily attendance and the state adequacy target, multiplied by the dollar value modifier  
20 for the district, plus local tax revenues per weighted average daily attendance from the incidental  
21 and teachers' funds in excess of the performance levy as defined in section 163.011 plus all other  
22 state aid attributable to such pupils.

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

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

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

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

35 **3. In all school districts except a metropolitan school district, this subsection shall**  
36 **apply to all school years ending on or before June 30, 2022. In all metropolitan school**  
37 **districts, this subsection shall apply to all school years ending on or before June 30, 2024.**

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

42 **4. In all school districts except a metropolitan school district, this subsection shall**  
43 **apply to all school years ending on or before June 30, 2022. In all metropolitan school**  
44 **districts, this subsection shall apply to all school years ending on or before June 30, 2024.**

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

55 **5. In all school districts except a metropolitan school district, this subsection shall**  
56 **apply to all school years ending on or before June 30, 2022. In all metropolitan school**  
57 **districts, this subsection shall apply to all school years ending on or before June 30, 2024.**

58 If a school district fails to make timely payments of any amount for which it is the disbursal  
59 agent, the state department of elementary and secondary education shall authorize payment to  
60 the charter school of the amount due pursuant to subsection 2 of this section and shall deduct the  
61 same amount from the next state school aid apportionment to the owing school district. If a  
62 charter school is paid more or less than the amounts due pursuant to this section, the amount of  
63 overpayment or underpayment shall be adjusted equally in the next twelve payments by the  
64 school district or the department of elementary and secondary education, as appropriate. Any



65 dispute between the school district and a charter school as to the amount owing to the charter  
66 school shall be resolved by the department of elementary and secondary education, and the  
67 department's decision shall be the final administrative action for the purposes of review pursuant  
68 to chapter 536. During the period of dispute, the department of elementary and secondary  
69 education shall make every administrative and statutory effort to allow the continued education  
70 of children in their current ~~public~~ charter school setting.

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

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

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

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

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

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

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

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

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

101           9. A charter school shall be eligible for transportation state aid pursuant to section  
102 163.161 and shall be free to contract with the local district, or any other entity, for the provision  
103 of transportation to the students of the charter school.

104           10. (1) The proportionate share of state and federal resources generated by students with  
105 disabilities or staff serving them shall be paid in full to charter schools enrolling those students  
106 by their school district where such enrollment is through a contract for services described in this  
107 section. The proportionate share of money generated under other federal or state categorical aid  
108 programs shall be directed to charter schools serving such students eligible for that aid.

109           (2) A charter school shall provide the special services provided pursuant to section  
110 162.705 and may provide the special services pursuant to a contract with a school district or any  
111 provider of such services.

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

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

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

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

136           **15. (1) As used in this section, the following terms mean:**

- 137 (a) "Department", the department of elementary and secondary education;  
138 (b) "Local aid", all local and county revenue received by the school district and  
139 charter schools within the school district. The term "local aid":  
140 a. Includes, but is not limited to, the following:  
141 (i) Property taxes and delinquent taxes;  
142 (ii) Merchants' and manufacturers' tax revenues, except that an urban school  
143 district containing most or all of a city with a population greater than three hundred fifty  
144 thousand inhabitants may annually withhold merchants' and manufacturers' tax revenues  
145 required for repayment of Series 2009, Series 2010, Series 2015, and Series 2016 bonds.  
146 Such school district shall not withhold merchants' and manufacturers' tax revenues after  
147 the fiscal year ending June 30, 2036;  
148 (iii) Financial institutions' tax revenues;  
149 (iv) City sales tax revenue, including city sales tax collected in any city not within  
150 a county;  
151 (v) Payments in lieu of taxes;  
152 (vi) Revenues from state-assessed railroad and utilities tax; and  
153 (vii) Any future aid; and  
154 b. Shall not be construed to include:  
155 (i) Charitable contributions, gifts, and grants made to school districts and charter  
156 schools;  
157 (ii) Interest earnings of school districts and charter schools;  
158 (iii) Student fees paid to school districts and charter schools;  
159 (iv) Debt service authorized by a public vote for the purpose of making payments  
160 on a bond issuance of a school district;  
161 (v) Proposition C revenues received for school purposes from the school district  
162 trust fund under section 163.087; or  
163 (vi) Any other funding solely intended for a particular school district or charter  
164 school and its respective employees, schools, foundations, or organizations.  
165 (2) Notwithstanding any other provision of law to the contrary, the calculation in  
166 this subsection shall be used to calculate state and local aid only for charter schools  
167 operated in:  
168 (a) A metropolitan school district;  
169 (b) An urban school district containing part or all of a city with more than three  
170 hundred fifty thousand inhabitants;  
171 (c) A school district that has been classified as unaccredited by the state board of  
172 education;

173 (d) A school district that has been accredited without provisions, sponsored only  
174 by the local school board. No board with a current school year enrollment of at least one  
175 thousand five hundred fifty students shall permit more than thirty-five percent of the  
176 school district's student enrollment to enroll in charter schools sponsored by the local  
177 board under the authority of this subdivision, except that this restriction shall not apply  
178 to any school district that subsequently becomes eligible under paragraph (a) or (b) of this  
179 subdivision or to any district accredited without provisions that sponsors charter schools  
180 prior to having a current school year student enrollment of at least one thousand five  
181 hundred fifty students; or

182 (e) A school district that has been classified as provisionally accredited by the state  
183 board of education and has received scores on its annual performance report consistent  
184 with a classification of provisionally accredited or unaccredited for three consecutive  
185 school years beginning with the 2012-13 accreditation year under the following conditions:

186 a. The eligibility for charter schools of any school district whose provisional  
187 accreditation is based in whole or in part on financial stress, as defined in sections 161.520  
188 to 161.529, or on financial hardship, as defined by rule of the state board of education,  
189 shall be decided by a vote of the state board of education during the third consecutive  
190 school year after the designation of provisional accreditation; and

191 b. The sponsor is limited to the local school board or a sponsor who has met the  
192 standards of accountability and performance as determined by the department based on  
193 sections 160.400 to 160.425 and section 167.349 and properly promulgated rules of the  
194 department.

195 (3) Each charter school and each school district responsible for distributing local  
196 aid to charter schools under this subsection shall include as part of its annual independent  
197 audit an audit of pupil residency, enrollment, and attendance in order to verify pupil  
198 residency in the school district or local education agency.

199 (4) A school district having one or more resident pupils attending a charter school  
200 shall pay to the charter school an annual amount equal to the product of the charter  
201 school's weighted average daily attendance and the state adequacy target, multiplied by  
202 the dollar value modifier for the district, less the charter school's share of local effort as  
203 defined in section 163.011 plus all other state aid attributable to such pupils plus local aid  
204 received by the school district divided by the total weighted average daily attendance of the  
205 school district and all charter schools within the school district per weighted average daily  
206 attendance of the charter school.

207 (5) A charter school that has declared itself a local educational agency shall receive  
208 all state aid calculated under this subsection from the department and all local aid

209 calculated under this subsection from the school district. A charter school shall receive an  
210 annual amount equal to the product of the charter school's weighted average daily  
211 attendance and the state adequacy target, multiplied by the dollar value modifier for the  
212 district, less the charter school's share of local effort as defined in section 163.011 plus all  
213 other state aid attributable to such pupils plus local aid received by the school district  
214 divided by the total weighted average daily attendance of the school district and all charter  
215 schools within the school district per weighted average daily attendance of the charter  
216 school.

217 (6) (a) The school district shall withhold, from the January local effort payment  
218 received by the school district, an annual administrative fee for the purpose of supporting  
219 administrative costs the school district incurs for charter schools operating within the  
220 school district. The administrative fee shall be equal to one-fourth of one percent of the  
221 sum of the prior year's state aid received by the school district, the prior year's state aid  
222 received by the charter schools within the school district, and the prior year's local aid  
223 received by the school district and the charter schools within the school district. As used  
224 in this paragraph, "state aid" means the product of the school district or charter school's  
225 weighted average daily attendance and the state adequacy target, multiplied by the dollar  
226 value modifier for the district, less the school district or charter school's share of local  
227 effort as defined in section 163.011.

228 (b) On or before December thirty-first of each year, the school district shall  
229 transmit to the department the total annual local aid calculation described in subdivision  
230 (7) of this subsection. If the school district fails to transmit the annual local aid calculation  
231 to the department, the school district shall not withhold the administrative fee.

232 (c) The department shall calculate the administrative fee under the formula in this  
233 subdivision using data from the previous school year. On or before January fifteenth of  
234 the following year, the department shall transmit to the school district the calculation of  
235 the administrative fee and make such calculation publicly available on the department's  
236 website.

237 (7) Each month the school district shall calculate the amount of local aid received  
238 by the school district that is owed to the charter school by the school district under this  
239 subsection. The school district shall pay to the charter school the amount of local aid owed  
240 to the charter school, as calculated by the school district using the previous month's  
241 weighted average daily attendance of the charter school. If any payment of local aid is due,  
242 the school district shall make monthly payments on the twenty-first day of each month or  
243 upon the closest business day beginning in July of each year.

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

246 (b) The school district shall, as part of its annual audit as required by section  
247 165.111, include a report converting the local aid received from an accrual basis to a cash  
248 basis. Such report shall be made publicly available on its district website in a searchable  
249 format or as a downloadable and searchable document.

250 (8) The department shall conduct an annual review of any payments made in the  
251 previous fiscal year under subdivision (7) of this subsection to determine if there has been  
252 any underpayment or overpayment. The annual review, to be conducted in January of  
253 each year, shall include a calculation of the amount of local aid owed to charter schools  
254 using the first preceding year's annual audit required by section 165.111. The school  
255 district shall pay to the charter school the amount of local aid owed to the charter school  
256 as calculated by the department. In the event of an underpayment, the school district shall  
257 remit the underpayment amount to the charter school. In the event of an overpayment, the  
258 charter school shall remit the overpayment amount to the school district.

259 (a) If the school district fails to remit any underpayment amount to the charter  
260 school within thirty days of notification of the underpayment amount, the department shall  
261 impose any penalty the department deems appropriate.

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

265 (9) If a prior year correction of the amount of local aid is necessary, the school  
266 district shall recalculate the amount owed to a charter school and either remit any  
267 underpayment amount to the charter school or provide a bill to the charter school for any  
268 overpayment amount. Any underpayment or overpayment amount shall be remitted under  
269 the schedules in paragraphs (a) and (b) of subdivision (8) of this subsection.

270 (10) (a) The annual review conducted pursuant to subdivision (8) of this subsection  
271 shall also assess whether public school and charter school recipients of state and local  
272 taxpayer dollars provide similar amounts and quality of services to schools and their  
273 pupils, including but not limited to:

- 274 a. taxpayer accountability for use of public funds;
- 275 b. transparency in accreditation standards and classifications;
- 276 c. student transportation;
- 277 d. school calendar allowances and requirements;
- 278 e. ability to enroll and accommodate new students;
- 279 f. teacher certification; and

280 g. teacher retention.

281 (b) The results of the annual assessment shall be a public record and distributed  
282 to the general assembly.

283 (11) (a) For the purposes of this subdivision, net cost for providing special  
284 educational services for the school district and each charter school within the school  
285 district shall be calculated as the total special educational services costs minus the total  
286 special educational services funding.

287 (b) For the purposes of this subdivision, total special educational services costs shall  
288 be calculated as the sum of the total cost of the following as reported on the annual  
289 secretary of the board report for the school district and each charter school within the  
290 school district:

291 a. Department-defined special education instruction;

292 b. Tuition for special education programs;

293 c. Health services;

294 d. Psychology services;

295 e. Speech and language services;

296 f. Audiology services;

297 g. Occupational therapy;

298 h. Physical therapy;

299 i. Visually impaired services; and

300 j. Special education transportation services.

301 (c) For the purposes of this subdivision, total special educational services funding  
302 shall be calculated as the sum of the state aid and local effort per weighted average daily  
303 attendance for the school district and the sum of the state aid and local aid per weighted  
304 average daily attendance for the charter schools within the school district multiplied by the  
305 total number of students with an individualized educational plan as reported in December  
306 to the department, plus any funds received under 162.974, plus any funds received under  
307 the federal Individuals with Disabilities Education Act (IDEA) (20 U.S.C. Section 1400, et  
308 seq.), as amended, plus any additional weighted state aid funds received as a result of  
309 serving a percentage of special education students that exceeds the special educational  
310 threshold as defined in 163.011. As used in this subdivision, "school district state aid"  
311 means the product of the school district's weighted average daily attendance and the state  
312 adequacy target, multiplied by the dollar value modifier for the district, less the school  
313 district's share of local effort as defined in section 163.011. As used in this subdivision,  
314 "charter school state aid" means the product of the charter school's weighted average daily

315 attendance and the state adequacy target, multiplied by the dollar value modifier for the  
316 district, less the charter school's share of local effort as defined in section 163.011.

317 (d) Each school district that has charter schools operating within the school district  
318 and each charter school shall, as part of the annual audit provided to the department,  
319 report the number of students with an individualized educational plan, the costs incurred  
320 for providing special educational services as described in paragraph (b) of this subdivision,  
321 the amount of funds drawn down under section 162.974, and the amount of funds drawn  
322 down under the federal Individuals with Disabilities Education Act (IDEA) (20 U.S.C.  
323 Section 1400, et seq.), as amended.

324 (e) On or before February fourteenth of each year, the department shall calculate  
325 for each school district that has charter schools operating within the school district and  
326 each charter school the net cost for providing special educational services. The department  
327 shall transmit such calculations to the charter school or school district and make such  
328 calculations publicly available on the department's website.

329 (f) The February local aid payment to charter schools within the school district  
330 shall be paid from the total local aid funds received in January by the school district. The  
331 February local aid payment per weighted average daily attendance to charter schools  
332 within the school district shall be calculated as follows:

333 a. The school district shall withhold the administrative fee described in paragraph  
334 (a) of subdivision (6) of this subsection from the total local aid funds received in January  
335 by the school district.

336 b. After withholding the administrative fee, the school district shall withhold from  
337 the remaining local aid funds an amount equal to the school district's prior year positive  
338 net cost for providing special educational services only if the school district is determined  
339 to have a positive net cost by the department under paragraph (e) of this subdivision.

340 c. After withholding the administrative fee, the school district shall withhold from  
341 the remaining local aid funds an amount equal to the sum of the prior year positive net cost  
342 for providing special educational services for charter schools within the school district for  
343 charter schools determined to have a positive net cost by the department under paragraph  
344 (e) of this subdivision. No later than February twenty-eighth of each year the school district  
345 shall distribute such funds to each charter school determined to have a positive net cost an  
346 amount equal to each charter school's positive net cost as calculated under paragraph (e)  
347 of this subdivision.

348 d. After withholding the administrative fee and special education funds under  
349 subparagraphs a., b., and c. of this paragraph, the school district shall divide the remaining  
350 local aid funds by the sum of the current year estimated weighted average daily attendance



351 for January of the school district plus the sum of the current year estimated weighted  
352 average daily attendance for January of all charter schools within the school district.

353 e. To determine the amount of the February local aid payment to each charter  
354 school within the school district, the school district shall multiply the value calculated in  
355 subparagraph d. of this paragraph by the current year estimated weighted average daily  
356 attendance for January for each charter school within the school district. The school  
357 district shall distribute the February local aid payment to each charter school within the  
358 school district on or before February twenty-eighth.

359 (g) The department shall adjust the net cost for providing special educational  
360 services for each charter school and each school district that has charter schools operating  
361 within the school district based on the report required in paragraph (d) of this subdivision  
362 for reasons including, but not limited to, underreporting or overreporting the number of  
363 students with an individualized educational plan or the cost to provide services to students  
364 with an individualized educational plan, failure to draw down funds under section 162.974,  
365 failure to draw down or accrue for within the applicable fiscal year all funds to which the  
366 charter school or school district is entitled under the federal Individuals with Disabilities  
367 Education Act (IDEA) (20 U.S.C Section 1400 et seq.), as amended, and costs determined  
368 by the department to be excessive relative to the special educational services provided.

369 (h) Any funds received by the school district or charter school under this  
370 subdivision shall not be considered when calculating a withhold or payment in paragraph  
371 (f) of this subdivision in the following year.

372 (i) In all school districts except a metropolitan school district, this subdivision shall  
373 apply beginning on February 1, 2024. In all metropolitan school districts, this subdivision  
374 shall apply beginning on February 1, 2026.

375 (12) In all school districts except a metropolitan school district, this subsection shall  
376 apply to all school years beginning on or after July 1, 2022. In all metropolitan school  
377 districts, this subsection shall apply to all school years beginning on or after July 1, 2024.

378 16. The department may promulgate rules for the annual review of payments and  
379 any penalties to be assessed under subsection 15 of this section. Any rule or portion of a  
380 rule, as that term is defined in section 536.010, that is created under the authority  
381 delegated in this section shall become effective only if it complies with and is subject to all  
382 of the provisions of chapter 536 and, if applicable, section 536.028. This section and  
383 chapter 536 are nonseverable, and if any of the powers vested with the general assembly  
384 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul  
385 a rule are subsequently held unconstitutional, then the grant of rulemaking authority and  
386 any rule proposed or adopted after August 28, 2021, shall be invalid and void.

163.024. 1. All moneys received in the Iron County school fund, Reynolds County school fund, Jefferson County school fund, and Washington County school fund from the payment of a civil penalty pursuant to a consent decree filed in the United States district court for the eastern district of Missouri in December, 2011, in the case of *United States of America and State of Missouri v. the Doe Run Resources Corporation d/b/a "The Doe Run Company," and the Buick Resource Recycling Facility, LLC*, because of environmental violations shall not be included in any district's local effort figure, as such term is defined in section 163.011. The provisions of this ~~section~~ **subsection** shall terminate on July 1, 2016.

2. **(1) No moneys received in the Iron County school fund from the payment of any penalty, whether to resolve violations or as payment of any stipulated penalty, under Administrative Order on Consent No. APCP-2019-001 ("Order") issued by the department of natural resources and effective on August 30, 2019, shall be included in such school district's local effort calculation, as such term is defined in section 163.011.**

**(2) The department of natural resources shall notify the revisor of statutes when the Order is terminated as provided in the Order, and this subsection shall expire on the last day of the fiscal year in which the revisor receives such notification from the department.**

167.151. 1. The school board of any district, in its discretion, may admit to the school pupils not entitled to free instruction and prescribe the tuition fee to be paid by them, except as provided in sections 167.121, 167.131, 167.132, and 167.895.

2. Orphan children, children with only one parent living, and children whose parents do not contribute to their support—if the children are between the ages of six and twenty years and are unable to pay tuition—may attend the schools of any district in the state in which they have a permanent or temporary home without paying a tuition fee.

3. **(1) For all school years ending on or before June 30, 2022**, any person who pays a school tax in any other district than that in which ~~he~~ **the person** resides may send ~~his~~ **the person's** children to any public school in the district in which the tax is paid and receive as a credit on the amount charged for tuition the amount of the school tax paid to the district; except that any person who owns real estate of which eighty acres or more are used for agricultural purposes and upon which ~~his~~ **the person's** residence is situated may send ~~his~~ **the person's** children to public school in any school district in which a part of such real estate, contiguous to that upon which ~~his~~ **the person's** residence is situated, lies and shall not be charged tuition therefor; so long as thirty-five percent of the real estate is located in the school district of choice. The school district of choice shall count the children in its average daily attendance for the purpose of distribution of state aid through the foundation formula.

19           **(2) For all school years beginning on or after July 1, 2022, any person who owns**  
20 **residential real property or agricultural real property and pays a school tax in any district**  
21 **other than the district in which the person resides may send any of the person's children**  
22 **to a public school in any district in which the person pays such school tax. The school**  
23 **district of choice shall count a child attending under this subdivision in its average daily**  
24 **attendance for the purpose of distribution of state aid through the foundation formula.**

25           4. **(1) For all school years ending on or before June 30, 2022, any owner of**  
26 **agricultural land who, ~~pursuant to~~ under subdivision (1) of subsection 3 of this section, has**  
27 **the option of sending [his] such person's children to the public schools of more than one district**  
28 **shall exercise such option as provided in this ~~subsection~~ subdivision. Such person shall send**  
29 **written notice to all school districts involved specifying to which school district [his] the**  
30 **children will attend by June thirtieth in which such a school year begins. If notification is not**  
31 **received, such children shall attend the school in which the majority of [his] the person's**  
32 **property lies. Such person shall not send any of [his] such person's children to the public**  
33 **schools of any district other than the one to which [he] such person has sent notice pursuant to**  
34 **this ~~subsection~~ subdivision in that school year or in which the majority of [his] such person's**  
35 **property lies without paying tuition to such school district.**

36           **(2) For all school years beginning on or after July 1, 2022, any owner of real**  
37 **property who elects to exercise the option provided in subdivision (2) of subsection 3 of this**  
38 **section shall exercise such option as provided in this subdivision. Such person shall send**  
39 **written notice to all school districts involved specifying which school district each child will**  
40 **attend thirty days prior to enrollment. When providing such notice, the person shall**  
41 **present proof of the person's payment of school taxes levied on the real property within**  
42 **such school district for the most recent two years. If a school district to which the person**  
43 **wishes to send a child does not receive the notification required under this subdivision, the**  
44 **child shall attend school in the district in which the person resides. Such person shall not**  
45 **send a child to the public schools of any district in which the person does not reside other**  
46 **than the district to which such person has sent notice under this subdivision relating to the**  
47 **particular child for that school year.**

48           5. If a pupil is attending school in a district other than the district of residence and the  
49 pupil's parent is teaching in the school district or is a regular employee of the school district  
50 which the pupil is attending, then the district in which the pupil attends school shall allow the  
51 pupil to attend school upon payment of tuition in the same manner in which the district allows  
52 other pupils not entitled to free instruction to attend school in the district. The provisions of this  
53 subsection shall apply only to pupils attending school in a district which has an enrollment in  
54 excess of thirteen thousand pupils and not in excess of fifteen thousand pupils and which district

55 is located in a county [~~of the first classification~~] with a charter form of government which has  
56 a population in excess of six hundred thousand persons and not in excess of nine hundred  
57 thousand persons.

Section B. Because immediate action is necessary to exclude moneys received from  
2 payments of penalties from local effort school district funding calculations, section 163.024 of  
3 section A of this act is deemed necessary for the immediate preservation of the public health,  
4 welfare, peace, and safety, and is hereby declared to be an emergency act within the meaning of  
5 the constitution, and section 163.024 of section A of this act shall be in full force and effect upon  
6 its passage and approval.

✓