

SECOND REGULAR SESSION  
SENATE COMMITTEE SUBSTITUTE FOR

# SENATE BILL NO. 525

100TH GENERAL ASSEMBLY

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Reported from the Committee on Government Reform, February 3, 2020, with recommendation that the Senate Committee Substitute do pass.

3095S.03C

ADRIANE D. CROUSE, Secretary.

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## AN ACT

To repeal sections 160.400, 160.410, and 160.415, RSMo, and to enact in lieu thereof three new sections relating to recovery programs for high school students.

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

Section A. Sections 160.400, 160.410, and 160.415, RSMo, are repealed  
2 and three new sections enacted in lieu thereof, to be known as sections 160.400,  
3 160.410, and 160.415, 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  
3 schools may be 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  
6 population greater than three hundred fifty thousand inhabitants;  
7 (3) In a school district that has been classified as unaccredited by the  
8 state board of education;

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

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

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

18 education during the third consecutive school year after the designation of  
19 provisional accreditation; and

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

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

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

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

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

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

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

52 (5) Any two-year private vocational or technical school designated as a  
53 501(c)(3) nonprofit organization under the Internal Revenue Code of 1986, as

54 amended, and accredited by the Higher Learning Commission, with its primary  
55 campus in Missouri;

56 (6) The Missouri charter public school commission created in section  
57 160.425.

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

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

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

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

75 A charter school operating in a school district identified in subdivision (1) or (2)  
76 of subsection 2 of this section may be sponsored by any of the entities identified  
77 in subsection 3 of this section, irrespective of the accreditation classification of  
78 the district in which it is located. A charter school in a district described in this  
79 subsection whose charter provides for the addition of grade levels in subsequent  
80 years may continue to add levels until the planned expansion is complete to the  
81 extent of grade levels in comparable schools of the district in which the charter  
82 school is operated.

83 5. **For purposes of sections 160.400 to 160.425 the following terms**  
84 **shall mean:**

85 (1) **"Recovery charter high school", a charter school giving**  
86 **instruction in a grade or grades not lower than the ninth nor higher**  
87 **than the twelfth grade;**

88 (2) **"Substance dependency", a state in which a person functions**  
89 **normally in the presence of a drug following repeated drug exposure,**

90 **and suffers psychological reactions such as withdrawal syndrome when**  
91 **the drug is removed;**

92 **(3) "Substance use disorder", shall have the same meaning as in**  
93 **section 478.001.**

94 **6. A recovery charter high school may be operated in an urban**  
95 **school district containing most or all of a home rule city with more**  
96 **than four hundred thousand inhabitants and located in more than one**  
97 **county whose mission and vision statement provides for the following:**

98 **(1) To educate all available and eligible students who are in**  
99 **recovery from substance use disorder or substance dependency, or such**  
100 **a condition along with co-occurring disorders such as anxiety,**  
101 **depression, and attention deficit hyperactivity disorder;**

102 **(2) To meet state requirements for awarding a high school**  
103 **diploma; and**

104 **(3) To support students in working a strong program of recovery.**

105 **7. The mayor of a city not within a county may request a sponsor under**  
106 **subdivision (2), (3), (4), (5), or (6) of subsection 3 of this section to consider**  
107 **sponsoring a "workplace charter school", which is defined for purposes of sections**  
108 **160.400 to 160.425 as a charter school with the ability to target prospective**  
109 **students whose parent or parents are employed in a business district, as defined**  
110 **in the charter, which is located in the city.**

111 **[6.] 8. No sponsor shall receive from an applicant for a charter school any**  
112 **fee of any type for the consideration of a charter, nor may a sponsor condition its**  
113 **consideration of a charter on the promise of future payment of any kind.**

114 **[7.] 9. The charter school shall be organized as a Missouri nonprofit**  
115 **corporation incorporated pursuant to chapter 355. The charter provided for**  
116 **herein shall constitute a contract between the sponsor and the charter school.**

117 **[8.] 10. As a nonprofit corporation incorporated pursuant to chapter 355,**  
118 **the charter school shall select the method for election of officers pursuant to**  
119 **section 355.326 based on the class of corporation selected. Meetings of the**  
120 **governing board of the charter school shall be subject to the provisions of sections**  
121 **610.010 to 610.030.**

122 **[9.] 11. A sponsor of a charter school, its agents and employees are not**  
123 **liable for any acts or omissions of a charter school that it sponsors, including acts**  
124 **or omissions relating to the charter submitted by the charter school, the operation**  
125 **of the charter school and the performance of the charter school.**

126 [10.] 12. A charter school may affiliate with a four-year college or  
127 university, including a private college or university, or a community college as  
128 otherwise specified in subsection 3 of this section when its charter is granted by  
129 a sponsor other than such college, university or community college. Affiliation  
130 status recognizes a relationship between the charter school and the college or  
131 university for purposes of teacher training and staff development, curriculum and  
132 assessment development, use of physical facilities owned by or rented on behalf  
133 of the college or university, and other similar purposes. A university, college or  
134 community college may not charge or accept a fee for affiliation status.

135 [11.] 13. The expenses associated with sponsorship of charter schools  
136 shall be defrayed by the department of elementary and secondary education  
137 retaining one and five-tenths percent of the amount of state and local funding  
138 allocated to the charter school under section 160.415, not to exceed one hundred  
139 twenty-five thousand dollars, adjusted for inflation. The department of  
140 elementary and secondary education shall remit the retained funds for each  
141 charter school to the school's sponsor, provided the sponsor remains in good  
142 standing by fulfilling its sponsorship obligations under sections 160.400 to  
143 160.425 and 167.349 with regard to each charter school it sponsors, including  
144 appropriate demonstration of the following:

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

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

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

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

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

161 [12.] 14. Sponsors receiving funds under subsection [11] 13 of this

162 section shall be required to submit annual reports to the joint committee on  
163 education demonstrating they are in compliance with subsection [17] 19 of this  
164 section.

165 [13.] 15. No university, college or community college shall grant a charter  
166 to a nonprofit corporation if an employee of the university, college or community  
167 college is a member of the corporation's board of directors.

168 [14.] 16. No sponsor shall grant a charter under sections 160.400 to  
169 160.425 and 167.349 without ensuring that a criminal background check and  
170 family care safety registry check are conducted for all members of the governing  
171 board of the charter schools or the incorporators of the charter school if initial  
172 directors are not named in the articles of incorporation, nor shall a sponsor renew  
173 a charter without ensuring a criminal background check and family care safety  
174 registry check are conducted for each member of the governing board of the  
175 charter school.

176 [15.] 17. No member of the governing board of a charter school shall hold  
177 any office or employment from the board or the charter school while serving as  
178 a member, nor shall the member have any substantial interest, as defined in  
179 section 105.450, in any entity employed by or contracting with the board. No  
180 board member shall be an employee of a company that provides substantial  
181 services to the charter school. All members of the governing board of the charter  
182 school shall be considered decision-making public servants as defined in section  
183 105.450 for the purposes of the financial disclosure requirements contained in  
184 sections 105.483, 105.485, 105.487, and 105.489.

185 [16.] 18. A sponsor shall develop the policies and procedures for:

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

192 (2) The granting of a charter;

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

197 (4) The sponsor's intervention, renewal, and revocation policies, including

198 the conditions under which the charter sponsor may intervene in the operation  
199 of the charter school, along with actions and consequences that may ensue, and  
200 the conditions for renewal of the charter at the end of the term, consistent with  
201 subsections 8 and 9 of section 160.405;

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

204 (6) Procedures to be implemented if a charter school should close,  
205 consistent with the provisions of subdivision (15) of subsection 1 of section  
206 160.405.

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

209 [17.] **19.** (1) A sponsor shall provide timely submission to the state board  
210 of education of all data necessary to demonstrate that the sponsor is in material  
211 compliance with all requirements of sections 160.400 to 160.425 and section  
212 167.349. The state board of education shall ensure each sponsor is in compliance  
213 with all requirements under sections 160.400 to 160.425 and 167.349 for each  
214 charter school sponsored by any sponsor. The state board shall notify each  
215 sponsor of the standards for sponsorship of charter schools, delineating both what  
216 is mandated by statute and what best practices dictate. The state board shall  
217 evaluate sponsors to determine compliance with these standards every three  
218 years. The evaluation shall include a sponsor's policies and procedures in the  
219 areas of charter application approval; required charter agreement terms and  
220 content; sponsor performance evaluation and compliance monitoring; and charter  
221 renewal, intervention, and revocation decisions. Nothing shall preclude the  
222 department from undertaking an evaluation at any time for cause.

223 (2) If the department determines that a sponsor is in material  
224 noncompliance with its sponsorship duties, the sponsor shall be notified and  
225 given reasonable time for remediation. If remediation does not address the  
226 compliance issues identified by the department, the commissioner of education  
227 shall conduct a public hearing and thereafter provide notice to the charter  
228 sponsor of corrective action that will be recommended to the state board of  
229 education. Corrective action by the department may include withholding the  
230 sponsor's funding and suspending the sponsor's authority to sponsor a school that  
231 it currently sponsors or to sponsor any additional school until the sponsor is  
232 reauthorized by the state board of education under section 160.403.

233 (3) The charter sponsor may, within thirty days of receipt of the notice of

234 the commissioner's recommendation, provide a written statement and other  
235 documentation to show cause as to why that action should not be taken. Final  
236 determination of corrective action shall be determined by the state board of  
237 education based upon a review of the documentation submitted to the department  
238 and the charter sponsor.

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

242 [18.] **20.** If a sponsor notifies a charter school of closure under subsection  
243 8 of section 160.405, the department of elementary and secondary education shall  
244 exercise its financial withholding authority under subsection 12 of section 160.415  
245 to assure all obligations of the charter school shall be met. The state, charter  
246 sponsor, or resident district shall not be liable for any outstanding liability or  
247 obligations of the charter school.

160.410. 1. A charter school shall enroll:

2 (1) All pupils resident in the district in which it operates;

3 (2) Nonresident pupils eligible to attend a district's school under an urban  
4 voluntary transfer program;

5 (3) Nonresident pupils who transfer from an unaccredited district under  
6 section 167.895, provided that the charter school is an approved charter school,  
7 as defined in section 167.895, and subject to all other provisions of section  
8 167.895;

9 (4) In the case of a charter school whose mission includes student drop-out  
10 prevention or recovery, any nonresident pupil from the same or an adjacent  
11 county who resides in a residential care facility, a transitional living group home,  
12 or an independent living program whose last school of enrollment is in the school  
13 district where the charter school is established, who submits a timely application;  
14 [and]

15 (5) In the case of a workplace charter school, any student eligible to  
16 attend under subdivision (1) or (2) of this subsection whose parent is employed  
17 in the business district, who submits a timely application, unless the number of  
18 applications exceeds the capacity of a program, class, grade level or building. The  
19 configuration of a business district shall be set forth in the charter and shall not  
20 be construed to create an undue advantage for a single employer or small number  
21 of employers; **and**

22 **(6) In the case of a recovery charter high school, any pupil who**

23 is eligible to attend under subdivision (1), (2), or (3) of this subsection,  
24 and any nonresident pupil, who is in recovery from substance use  
25 disorder or substance dependency, or such a condition along with co-  
26 occurring disorders such as anxiety, depression, and attention deficit  
27 hyperactivity disorder.

28 (a) A recovery charter high school may enroll students residing  
29 in another state, provided such student is in recovery from substance  
30 use disorder or substance dependency, or such a condition along with  
31 co-occurring disorders such as anxiety, depression, and attention  
32 deficit hyperactivity disorder.

33 (b) The department of elementary and secondary education may  
34 enter into agreements with states to develop a reciprocity agreement  
35 for students seeking to attend a recovery charter high school in the  
36 state of Missouri. An out-of-state school district from a state subject to  
37 a reciprocity agreement having one or more resident pupils attending  
38 a recovery charter high school in the state of Missouri shall pay to the  
39 recovery charter high school an annual amount equal to one hundred  
40 five percent of the previous school year's per pupil expenditure in the  
41 state of Missouri. If an out-of-state student resides in a state that is not  
42 subject to a reciprocity agreement, such student shall pay to the  
43 recovery charter high school an amount equal to one hundred five  
44 percent of the previous school year's per pupil expenditure in the state  
45 of Missouri. Such student shall not be included in the count of average  
46 daily attendance.

47 2. If capacity is insufficient to enroll all pupils who submit a timely  
48 application, the charter school shall have an admissions process that assures all  
49 applicants of an equal chance of gaining admission and does not discriminate  
50 based on parents' ability to pay fees or tuition except that:

51 (1) A charter school may establish a geographical area around the school  
52 whose residents will receive a preference for enrolling in the school, provided that  
53 such preferences do not result in the establishment of racially or  
54 socioeconomically isolated schools and provided such preferences conform to  
55 policies and guidelines established by the state board of education;

56 (2) A charter school may also give a preference for admission of children  
57 whose siblings attend the school or whose parents are employed at the school or  
58 in the case of a workplace charter school, a child whose parent is employed in the

59 business district or at the business site of such school. **A recovery charter**  
60 **high school may give preference to such students provided such**  
61 **student is in recovery from substance use disorder or substance**  
62 **dependency, or such a condition along with co-occurring disorders such**  
63 **as anxiety, depression, and attention deficit hyper activity;**

64 (3) Charter schools may also give a preference for admission to high-risk  
65 students, as defined in subdivision (5) of subsection 2 of section 160.405, when  
66 the school targets these students through its proposed mission, curriculum,  
67 teaching methods, and services;

68 (4) A charter school may also give a preference for admission to students  
69 who will be eligible for the free and reduced price lunch program in the upcoming  
70 school year.

71 3. A charter school shall not limit admission based on race, ethnicity,  
72 national origin, disability, income level, except as allowed under subdivision (4)  
73 of subsection 2 of this section, proficiency in the English language or athletic  
74 ability, but may limit admission to pupils within a given age group or grade level.  
75 **A recovery charter high school shall limit admission to pupils who are**  
76 **in recovery from substance use disorder or substance dependency, or**  
77 **such a condition along with co-occurring disorders such as anxiety,**  
78 **depression, and attention deficit hyperactivity disorder.** Charter schools  
79 may limit admission based on gender only when the school is a single-gender  
80 school. Students of a charter school who have been enrolled for a full academic  
81 year shall be counted in the performance of the charter school on the statewide  
82 assessments in that calendar year, unless otherwise exempted as English  
83 language learners. For purposes of this subsection, "full academic year" means  
84 the last Wednesday in September through the administration of the Missouri  
85 assessment program test without transferring out of the school and re-enrolling.

86 4. A charter school shall make available for public inspection, and provide  
87 upon request, to the parent, guardian, or other custodian of any school-age pupil  
88 resident in the district in which the school is located the following information:

89 (1) The school's charter;

90 (2) The school's most recent annual report card published according to  
91 section 160.522;

92 (3) The results of background checks on the charter school's board  
93 members; and

94 (4) If a charter school is operated by a management company, a copy of

95 the written contract between the governing board of the charter school and the  
96 educational management organization or the charter management organization  
97 for services. The charter school may charge reasonable fees, not to exceed the  
98 rate specified in section 610.026 for furnishing copies of documents under this  
99 subsection.

100 5. When a student attending a charter school who is a resident of the  
101 school district in which the charter school is located moves out of the boundaries  
102 of such school district, the student may complete the current semester and shall  
103 be considered a resident student. The student's parent or legal guardian shall  
104 be responsible for the student's transportation to and from the charter school.

105 6. If a change in school district boundary lines occurs under section  
106 162.223, 162.431, 162.441, or 162.451, or by action of the state board of education  
107 under section 162.081, including attachment of a school district's territory to  
108 another district or dissolution, such that a student attending a charter school  
109 prior to such change no longer resides in a school district in which the charter  
110 school is located, then the student may complete the current academic year at the  
111 charter school. The student shall be considered a resident student. The student's  
112 parent or legal guardian shall be responsible for the student's transportation to  
113 and from the charter school.

114 7. The provisions of sections 167.018 and 167.019 concerning foster  
115 children's educational rights are applicable to charter schools.

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

14 2. Except as provided in subsections 3 and 4 of this section, the aid  
15 payments for charter schools shall be as described in this subsection.

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

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

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

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

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

37 **(6) If a recovery charter high school that has not declared itself**  
38 **as a local educational agency has one or more nonresident pupils, the**  
39 **nonresident pupils shall not be counted for purposes of determining the**  
40 **amount of aid described in subdivisions (1) and (2) of this**  
41 **subsection. Each school district that has one or more of its resident**  
42 **pupils attending such a charter school shall pay to the charter school,**  
43 **for each such pupil, one hundred percent of its average per-pupil**  
44 **expenditure, excluding interest payments and grants.**

45 3. A workplace charter school shall receive payment for each eligible pupil  
46 as provided under subsection 2 of this section, except that if the student is not a  
47 resident of the district and is participating in a voluntary interdistrict transfer  
48 program, the payment for such pupils shall be the same as provided under section  
49 162.1060.

50 4. **(1)** A charter school that has declared itself as a local educational  
51 agency shall receive from the department of elementary and secondary education

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

62 **(2) (a) If a recovery charter high school that has declared itself**  
63 **as a local educational agency has one or more nonresident pupils, the**  
64 **charter school shall receive from the department of elementary and**  
65 **secondary education an annual amount equal to the amount described**  
66 **in subdivision (1) of this subsection; except that, the nonresident pupils**  
67 **shall not be counted for purposes of determining the amount of aid as**  
68 **described in subdivision (1) of this subsection. Each school district**  
69 **that has one or more of its resident pupils attending such a charter**  
70 **school as nonresident pupils shall pay to the charter school, for each**  
71 **such pupil, one hundred percent of its average per-pupil expenditure,**  
72 **excluding interest payments and grants.**

73 **(b) Upon notice of the charter school's declaration of local**  
74 **educational agency status, the department of elementary and secondary**  
75 **education shall reduce the payment made to the school district in**  
76 **which the charter school is located from any source by the amount**  
77 **specified in subdivision (1) of this subsection, calculated as described**  
78 **in paragraph (a) of this subdivision, and pay directly to the charter**  
79 **school the annual amount reduced from the school district's payment.**

80 5. If a school district fails to make timely payments of any amount for  
81 which it is the disbursal agent, the state department of elementary and secondary  
82 education shall authorize payment to the charter school of the amount due  
83 pursuant to subsection 2 of this section and shall deduct the same amount from  
84 the next state school aid apportionment to the owing school district. If a charter  
85 school is paid more or less than the amounts due pursuant to this section, the  
86 amount of overpayment or underpayment shall be adjusted equally in the next  
87 twelve payments by the school district or the department of elementary and

88 secondary education, as appropriate. Any dispute between the school district and  
89 a charter school as to the amount owing to the charter school shall be resolved by  
90 the department of elementary and secondary education, and the department's  
91 decision shall be the final administrative action for the purposes of review  
92 pursuant to chapter 536. During the period of dispute, the department of  
93 elementary and secondary education shall make every administrative and  
94 statutory effort to allow the continued education of children in their current  
95 public charter school setting.

96           6. The charter school, **including a recovery charter high school**, and  
97 a local school board may agree by contract for services to be provided by the  
98 school district to the charter school. The charter school may contract with any  
99 other entity for services. Such services may include but are not limited to food  
100 service, custodial service, maintenance, management assistance, curriculum  
101 assistance, media services and libraries and shall be subject to negotiation  
102 between the charter school and the local school board or other  
103 entity. Documented actual costs of such services shall be paid for by the charter  
104 school.

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

109           (1) Provide evidence of the education service provider's success in serving  
110 student populations similar to the targeted population, including demonstrated  
111 academic achievement as well as successful management of nonacademic school  
112 functions, if applicable. **In the case of a recovery charter high school, such**  
113 **applicant need only provide evidence of the education service**  
114 **provider's history of providing such educational services;**

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

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

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

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

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

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

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

139 10. (1) The proportionate share of state and federal resources generated  
140 by students with disabilities or staff serving them shall be paid in full to charter  
141 schools enrolling those students by their school district where such enrollment is  
142 through a contract for services described in this section. The proportionate share  
143 of money generated under other federal or state categorical aid programs shall  
144 be directed to charter schools serving such students eligible for that aid.

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

148 11. A charter school may not charge tuition or impose fees that a school  
149 district is prohibited from charging or imposing, except that a charter school may  
150 receive:

151 (1) Tuition payments from districts in the same or an adjoining county for  
152 nonresident students who transfer to an approved charter school, as defined in  
153 section 167.895, from an unaccredited district; **and**

154 (2) **Payments from school districts as described in this section.**

155 12. A charter school is authorized to incur debt in anticipation of receipt  
156 of funds. A charter school may also borrow to finance facilities and other capital  
157 items. A school district may incur bonded indebtedness or take other measures  
158 to provide for physical facilities and other capital items for charter schools that  
159 it sponsors or contracts with. Except as otherwise specifically provided in

160 sections 160.400 to 160.425, upon the dissolution of a charter school, any  
161 liabilities of the corporation will be satisfied through the procedures of chapter  
162 355. A charter school shall satisfy all its financial obligations within twelve  
163 months of notice from the sponsor of the charter school's closure under subsection  
164 8 of section 160.405. After satisfaction of all its financial obligations, a charter  
165 school shall return any remaining state and federal funds to the department of  
166 elementary and secondary education for disposition as stated in subdivision (17)  
167 of subsection 1 of section 160.405. The department of elementary and secondary  
168 education may withhold funding at a level the department determines to be  
169 adequate during a school's last year of operation until the department determines  
170 that school records, liabilities, and reporting requirements, including a full audit,  
171 are satisfied.

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

174       14. The governing body of a charter school is authorized to accept grants,  
175 gifts or donations of any kind and to expend or use such grants, gifts or  
176 donations. A grant, gift or donation may not be accepted by the governing body  
177 if it is subject to any condition contrary to law applicable to the charter school or  
178 other public schools, or contrary to the terms of the charter.

179       **15. Notwithstanding any other provision of this section, if the**  
180 **provisions of any other section specify a tuition amount to be paid by**  
181 **the resident district for a nonresident pupil attending a recovery**  
182 **charter high school, the provisions of such section specifying the**  
183 **tuition amount shall govern, and the provisions of this section shall not**  
184 **apply to such pupil.**

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