

SECOND REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE BILL NO. 996**  
**98TH GENERAL ASSEMBLY**

4460H.04C

D. ADAM CRUMBLISS, Chief Clerk

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**AN ACT**

To repeal sections 160.415, 161.216, 162.720, and 163.031, RSMo, and to enact in lieu thereof four new sections relating to elementary and secondary education, with a delayed effective date for a certain section and an emergency clause for a certain section.

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

Section A. Sections 160.415, 161.216, 162.720, and 163.031, RSMo, are repealed and  
2 four new sections enacted in lieu thereof, to be known as sections 160.415, 161.217, 162.720,  
3 and 163.031, to read as follows:

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

14 (1) A school district having one or more resident pupils attending a charter school shall  
15 pay to the charter school an annual amount equal to the product of the charter school's weighted

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 average daily attendance and the state adequacy target, multiplied by the dollar value modifier  
17 for the district, plus local tax revenues per weighted average daily attendance from the incidental  
18 and teachers' funds in excess of the performance levy as defined in section 163.011 plus all other  
19 state aid attributable to such pupils.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

100           11. A charter school may not charge tuition, nor may it impose fees that a school district  
101 is prohibited from imposing.

102           12. A charter school is authorized to incur debt in anticipation of receipt of funds. A  
103 charter school may also borrow to finance facilities and other capital items. A school district  
104 may incur bonded indebtedness or take other measures to provide for physical facilities and other  
105 capital items for charter schools that it sponsors or contracts with. Upon the dissolution of a  
106 charter school, any liabilities of the corporation will be satisfied through the procedures of  
107 chapter 355. The department of elementary and secondary education may withhold funding at  
108 a level the department determines to be adequate during a school's last year of operation until the  
109 department determines that school records, liabilities, and reporting requirements, including a  
110 full audit, are satisfied.

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

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

**161.217. 1. The department of elementary and secondary education, in  
2 collaboration with the Missouri Head Start State Collaboration Office and the departments  
3 of health and senior services, mental health, and social services, shall develop, as a three-  
4 year pilot program, a voluntary early learning quality assurance report. The early  
5 learning quality assurance report shall be developed based on evidence-based practices.**

6           **2. Participation in the early learning quality assurance report pilot program shall**  
7 **be voluntary for any licensed or license-exempt early learning providers that are center-**  
8 **based or home-based and are providing services for children from any ages from birth up**  
9 **to kindergarten.**

10           **3. The early learning quality assurance report may include, but is not limited to,**  
11 **information regarding staff qualifications, instructional quality, professional development,**  
12 **health and safety standards, parent engagement, and community engagement.**

13           **4. The early learning quality assurance report shall not be used for enforcement**  
14 **of compliance with any law or for any punitive purposes.**

15           **5. The department of elementary and secondary education shall promulgate all**  
16 **necessary rules and regulations for the administration of this section. Any rule or portion**  
17 **of a rule, as that term is defined in section 536.010, that is created under the authority**  
18 **delegated in this section shall become effective only if it complies with and is subject to all**  
19 **of the provisions of chapter 536 and, if applicable, section 536.028. This section and**  
20 **chapter 536 are nonseverable, and if any of the powers vested with the general assembly**  
21 **pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul**  
22 **a rule are subsequently held unconstitutional, then the grant of rulemaking authority and**  
23 **any rule proposed or adopted after August 28, 2016, shall be invalid and void.**

24           **6. Under section 23.253 of the Missouri sunset act:**

25           **(1) The provisions of the new program authorized under this section shall**  
26 **automatically sunset three years after the effective date of this section unless reauthorized**  
27 **by an act of the general assembly; and**

28           **(2) If such program is reauthorized, the program authorized under this section**  
29 **shall automatically sunset three years after the effective date of the reauthorization of this**  
30 **section; and**

31           **(3) This section shall terminate on September first of the calendar year immediately**  
32 **following the calendar year in which the program authorized under this section is sunset.**

162.720. 1. Where a sufficient number of children are determined to be gifted and their  
2 development requires programs or services beyond the level of those ordinarily provided in  
3 regular public school programs, districts may establish special programs for such gifted children.

4           2. The state board of education shall determine standards for such programs. Approval  
5 of such programs shall be made by the state department of elementary and secondary education  
6 based upon project applications submitted by July fifteenth of each year.

7           **3. No district shall make a determination as to whether a child is gifted based on**  
8 **the child's participation in an advanced placement course or international baccalaureate**

9 **course. Districts shall determine a child is gifted only if the child meets the definition of**  
10 **"gifted children" as provided in section 162.675.**

163.031. 1. The department of elementary and secondary education shall calculate and  
2 distribute to each school district qualified to receive state aid under section 163.021 an amount  
3 determined by multiplying the district's weighted average daily attendance by the state adequacy  
4 target, multiplying this product by the dollar value modifier for the district, and subtracting from  
5 this product the district's local effort and subtracting payments from the classroom trust fund  
6 under section 163.043.

7 2. Other provisions of law to the contrary notwithstanding:

8 (1) For districts with an average daily attendance of more than three hundred fifty in the  
9 school year preceding the payment year:

10 (a) For the 2008-09 school year, the state revenue per weighted average daily attendance  
11 received by a district from the state aid calculation under subsections 1 and 4 of [this] section  
12 **163.031 as such section existed on July 1, 2008**, as applicable, and the classroom trust fund  
13 under section 163.043 shall not be less than the state revenue received by a district in the 2005-  
14 06 school year from the foundation formula, line 14, gifted, remedial reading, exceptional pupil  
15 aid, fair share, and free textbook payment amounts multiplied by the dollar value modifier, and  
16 dividing this product by the weighted average daily attendance computed for the 2005-06 school  
17 year;

18 (b) For each year subsequent to the 2008-09 school year, the amount shall be no less than  
19 that computed in paragraph (a) of this subdivision, multiplied by the weighted average daily  
20 attendance pursuant to section 163.036, less any increase in revenue received from the classroom  
21 trust fund under section 163.043;

22 (2) For districts with an average daily attendance of three hundred fifty or less in the  
23 school year preceding the payment year:

24 (a) For the 2008-09 school year, the state revenue received by a district from the state  
25 aid calculation under subsections 1 and 4 of [this] section **163.031 as such section existed on**  
26 **July 1, 2008**, as applicable, and the classroom trust fund under section 163.043 shall not be less  
27 than the greater of state revenue received by a district in the 2004-05 or 2005-06 school year  
28 from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share,  
29 and free textbook payment amounts multiplied by the dollar value modifier;

30 (b) For each year subsequent to the 2008-09 school year, the amount shall be no less than  
31 that computed in paragraph (a) of this subdivision;

32 (3) The department of elementary and secondary education shall make an addition in the  
33 payment amount specified in subsection 1 of this section to assure compliance with the  
34 provisions contained in this subsection.

35           3. School districts that meet the requirements of section 163.021 shall receive categorical  
36 add-on revenue as provided in this subsection. The categorical add-on for the district shall be  
37 the sum of: seventy-five percent of the district allowable transportation costs under section  
38 163.161; the career ladder entitlement for the district, as provided for in sections 168.500 to  
39 168.515; the vocational education entitlement for the district, as provided for in section 167.332;  
40 and the district educational and screening program entitlements as provided for in sections  
41 178.691 to 178.699. The categorical add-on revenue amounts may be adjusted to accommodate  
42 available appropriations.

43           4. For any school district meeting the eligibility criteria for state aid as established in  
44 section 163.021, but which is considered an option district under section 163.042 and therefore  
45 receives no state aid, the commissioner of education shall present a plan to the superintendent  
46 of the school district for the waiver of rules and the duration of said waivers, in order to promote  
47 flexibility in the operations of the district and to enhance and encourage efficiency in the delivery  
48 of instructional services as provided in section 163.042.

49           5. (1) No less than seventy-five percent of the state revenue received under the  
50 provisions of subsections 1 and 2 of this section shall be placed in the teachers' fund, and the  
51 remaining percent of such moneys shall be placed in the incidental fund. No less than seventy-  
52 five percent of one-half of the funds received from the school district trust fund distributed under  
53 section 163.087 shall be placed in the teachers' fund. One hundred percent of revenue received  
54 under the provisions of section 163.161 shall be placed in the incidental fund. One hundred  
55 percent of revenue received under the provisions of sections 168.500 to 168.515 shall be placed  
56 in the teachers' fund.

57           (2) A school district shall spend for certificated compensation and tuition expenditures  
58 each year:

59           (a) An amount equal to at least seventy-five percent of the state revenue received under  
60 the provisions of subsections 1 and 2 of this section;

61           (b) An amount equal to at least seventy-five percent of one-half of the funds received  
62 from the school district trust fund distributed under section 163.087 during the preceding school  
63 year; and

64           (c) Beginning in fiscal year 2008, as much as was spent per the second preceding year's  
65 weighted average daily attendance for certificated compensation and tuition expenditures the  
66 previous year from revenue produced by local and county tax sources in the teachers' fund, plus  
67 the amount of the incidental fund to teachers' fund transfer calculated to be local and county tax  
68 sources by dividing local and county tax sources in the incidental fund by total revenue in the  
69 incidental fund.

70

71 In the event a district fails to comply with this provision, the amount by which the district fails  
72 to spend funds as provided herein shall be deducted from the district's state revenue received  
73 under the provisions of subsections 1 and 2 of this section for the following year, provided that  
74 the state board of education may exempt a school district from this provision if the state board  
75 of education determines that circumstances warrant such exemption.

76 6. (1) If a school district's annual audit discloses that students were inappropriately  
77 identified as eligible for free and reduced **price** lunch, special education, or limited English  
78 proficiency and the district does not resolve the audit finding, the department of elementary and  
79 secondary education shall require that the amount of aid paid pursuant to the weighting for free  
80 and reduced **price** lunch, special education, or limited English proficiency in the weighted  
81 average daily attendance on the inappropriately identified pupils be repaid by the district in the  
82 next school year and shall additionally impose a penalty of one hundred percent of such aid paid  
83 on such pupils, which penalty shall also be paid within the next school year. Such amounts may  
84 be repaid by the district through the withholding of the amount of state aid.

85 (2) **In the 2017-18 school year and in each subsequent school year, if a district**  
86 **experiences a decrease in its gifted program enrollment of twenty percent or more from the**  
87 **previous school year, an amount equal to the product of the difference between the number**  
88 **of students enrolled in the gifted program in the current school year and the number of**  
89 **students enrolled in the gifted program in the previous school year multiplied by six**  
90 **hundred eighty dollars shall be subtracted from the district's current year payment**  
91 **amount. The provisions of this subdivision shall apply to districts entitled to receive state**  
92 **aid payments under both subsections 1 and 2 of this section but shall not apply to any**  
93 **school district with an average daily attendance of three hundred fifty or less.**

94 7. Notwithstanding any provision of law to the contrary, in any fiscal year during which  
95 the total formula appropriation is insufficient to fully fund the entitlement calculation of this  
96 section, the department of elementary and secondary education shall adjust the state adequacy  
97 target in order to accommodate the appropriation level for the given fiscal year. In no manner  
98 shall any payment modification be rendered for any district qualified to receive payments under  
99 subsection 2 of this section based on insufficient appropriations.

2 [161.216. 1. No public institution of higher education, political  
3 subdivision, governmental entity, or quasi-governmental entity receiving state  
4 funds shall operate, establish, or maintain, offer incentives to participate in, or  
5 mandate participation in a quality rating system for early childhood education, a  
6 training quality assurance system, any successor system, or any substantially  
7 similar system for early childhood education, unless the authority to operate,  
8 establish, or maintain such a system is enacted into law through:

(1) A bill as prescribed by Article III of the Missouri Constitution;



9 (2) An initiative petition as prescribed by Section 50 of Article III of the  
10 Missouri Constitution; or

11 (3) A referendum as prescribed by Section 52(a) of Article III of the  
12 Missouri Constitution.

13 2. No public institution of higher education, political subdivision,  
14 governmental entity or quasi-governmental entity receiving state funds shall  
15 promulgate any rule or establish any program, policy, guideline, or plan or change  
16 any rule, program, policy, guideline, or plan to operate, establish, or maintain a  
17 quality rating system for early childhood education, a training quality assurance  
18 system, any successor system, or any substantially similar system for early  
19 childhood education unless such public institution of higher education, political  
20 subdivision, governmental entity or quasi-governmental entity receiving state  
21 funds has received statutory authority to do so in a manner consistent with  
22 subsection 1 of this section.

23 3. Any taxpayer of this state or any member of the general assembly shall  
24 have standing to bring suit against any public institution of higher education,  
25 political subdivision, governmental entity or quasi-governmental entity which is  
26 in violation of this section in any court with jurisdiction to enforce the provisions  
27 of this section.

28 4. This section shall not be construed to limit the content of early  
29 childhood education courses, research, or training carried out by any public  
30 institution of higher education. A course on quality rating systems or training  
31 quality assurance systems shall not be a requirement for certification by the state  
32 as an individual child care provider or any licensing requirement that may be  
33 established for an individual child care provider.

34 5. For purposes of this section:

35 (1) "Early childhood education" shall mean education programs that are  
36 both centered and home-based and providing services for children from birth to  
37 kindergarten;

38 (2) "Quality rating system" or "training quality assurance system" shall  
39 include the model from the Missouri quality rating system pilots developed by the  
40 University of Missouri center for family policy and research, any successor  
41 model, or substantially similar model. "Quality rating system" or "training  
42 quality assurance system" shall also include but not be limited to a tiered rating  
43 system that provides a number of tiers or levels to set benchmarks for quality that  
44 build upon each other, leading to a top tier that includes program accreditation.  
45 "Quality rating system" or "training quality assurance system" may also include  
46 a tiered reimbursement system that may be tied to a tiered rating system;

47 (3) "Tiered reimbursement system" or "training quality assurance system"  
48 shall include but not be limited to a system that links funding to a quality rating  
49 system, a system to award higher child care subsidy payments to programs that  
50 attain higher quality levels, or a system that offers other incentives through tax  
51 policy or professional development opportunities for child care providers.]

Section B. Because of the importance of early childhood education, section 160.415 of  
2 section A of this act is deemed necessary for the immediate preservation of the public health,  
3 welfare, peace, and safety, and is hereby declared to be an emergency act within the meaning of  
4 the constitution, and section 160.415 of section A of this act shall be in full force and effect upon  
5 its passage and approval.

Section C. Section 163.031 of section A of this act shall become effective July 1, 2017.

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