

**Title 5 - DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION**  
**Division 20 - Division of Learning Services**  
**Chapter 100 - Office of Quality Schools**

**PROPOSED RULE**

**5 CSR 20-100.250 Charter Schools**

*PURPOSE: This rule establishes policies and procedures for the Missouri Department of Elementary and Secondary Education to evaluate charter sponsors relating to the standards for sponsorship, as authorized by section 160.400.14, RSMo Supp. 2010.*

(1) Charter sponsorship and continued receipt of state funds to defray the expense of charter sponsorship shall be based on the determination that a charter sponsor remains in good standing with the sponsorship obligations outlined in section 160.400 to 160.420 and section 167.349.

(2) In determining good standing under this section, the Department of Elementary and Secondary Education (department) shall evaluate charter sponsor policies and practices in the following areas:

- (A) Charter application approval;
- (B) Required charter agreement terms and content;
- (C) Sponsor performance evaluation and compliance monitoring; and
- (D) Charter renewal, intervention, and revocation decisions.

(3) The charter sponsor's approval process shall include an application that provides sufficient information for a rigorous evaluation of the proposed charter and provides clear documentation of a quality education program; effective governance and management structures; and a sustainable operational plan.

(4) A charter approved by the charter sponsor should include a description of the obligations and responsibilities of the charter school, as outlined in sections 160.400 to 160.420 and section 167.349, and provide for:

- (A) An annual review of the charter school's compliance with statutory standards, including:
  - 1. Participation in the statewide system of assessments, as designated by the State Board of Education (board) pursuant to section 160.518;
  - 2. Assurances for the completion and distribution of an annual report card as prescribed in section 160.522;

3. The collection of baseline data during at least the first three years of operation to determine the longitudinal success of the charter school;
  4. A method to measure pupil progress toward the pupil academic standards adopted by the board pursuant to section 160.514; and
  5. Publication of each charter school's Annual Performance Report (APR).
- (B) Procedures, consistent with the *Missouri Financial Accounting Manual*, for monitoring the financial accountability of the charter, which shall include:
1. An annual audit by a certified public accountant, published audit reports and annual financial reports as provided in chapter 165;
  2. Compliance with all federal audit requirements established for charter schools with local education agency status; and
  3. Compliance with the requirements of any audit by petition under section 29.230, for a political subdivision of the state.
- (C) Pre-opening requirements for applications that require that charter schools meet all health, safety, and other legal requirements prior to opening.
- (D) Procedures in place in the event of charter school closure, including:
1. The archival of student records;
  2. The archival of business operations records;
  3. Submission of final financial reports;
  4. Resolution of any remaining financial obligations; and
  5. The disposition of charter school assets.
- (5) For charter schools that are recipients of a federal Charter School Program Grant, a determination that:
- (A) Each authorized charter in the state operates under a legally binding charter or performance contract between itself and the school's authorized public chartering agency that describes the obligations and responsibilities of the school and the public chartering agency; conduct annual, timely, and independent audits of the school's financial statements that are filed with the sponsor; and demonstrate improved student academic achievement, and

- (B) Sponsors use increases in student academic achievement for all groups of students, as described in section 1111 (b)(2)(C)(v) of the Elementary and Secondary Education Act, as the most important factor when determining to renew or revoke a school's charter.
- (6) Intervention, renewal, and revocation policies of the charter sponsor shall outline the conditions in which the charter sponsor may intervene in the operation of the charter school, along with actions and consequences that may ensue, and the conditions for renewal of the charter at the end of the term. These policies shall include the following minimum standards:
- (A) Intervention policies during the charter term should give schools clear, adequate, evidence-based, and timely notice of contract violations or performance deficiencies and should mandate intervention based upon findings of the board of the following:
    - 1. The charter school provides a high school program which fails to maintain a graduation rate of at least seventy percent (70%) in three of the last four school years;
    - 2. The charter school's APR results are below that of the district in which the charter school is located for standards applicable to its building configuration three of the last four school years; or
    - 3. The charter school is identified as a persistently lowest achieving school by the department.
  - (B) Renewal process and decisions are based on the thorough analysis of a comprehensive body of objective evidence and should consider if:
    - 1. The charter school has maintained APR results that meet or exceed the district in which the charter school is located for standards applicable to its building configuration.
    - 2. The charter school is organizationally and fiscally viable determining at minimum that the school does not have:
      - a. A negative balance in its operating funds;
      - b. A combined balance of less than three percent (3%) of the amount expended for such funds during the previous fiscal year; or
      - c. Expenditure that exceeds receipts for the most recently completed fiscal year.
    - 3. The charter school has been faithful to the terms of the contract and applicable law.

- (C) Revocation during the charter term if:
  - 1. There is clear evidence of underperformance as demonstrated in the charter school's APR in three of the last four school years; or
  - 2. There is a violation of the law or the public trust that imperils students or public funds.
  
- (7) The department shall provide to the sponsor the information submitted in the Annual Secretary of the Board Report (ASBR) to help identify charter schools in financial stress.
  - (A) The sponsor will notify the governing board of the charter school by November 1, of a charter school identified as financially stressed. The charter sponsor shall develop a budget and education plan.
  - (B) The budget and education plan, signed by the officers of the charter school as well as the sponsor, shall be submitted to the department within forty-five (45) calendar days of notification that the charter school has been identified as experiencing financial stress.
  - (C) Upon receipt, and review of any budget and education plan, the department may make suggestions to improve the plan.
  
- (8) If the department determines that a sponsor is in material non-compliance with its sponsorship duties, the charter sponsor shall be notified and be given reasonable time for remediation.
  
- (9) If remediation does not address the compliance issues identified by the department, the Commissioner of Education or a designee shall conduct a public hearing, and thereafter, provide notice to the charter sponsor of corrective action that will be recommended to the board.
  - (A) Corrective action by the department may include:
    - 1. Capping the number of charters that may be issued by the sponsor;
    - 2. A moratorium on payment of state charter sponsorship funds; and/or
    - 3. Suspension or revocation of the charter sponsorship authority.
  - (B) The charter sponsor may, within thirty (30) days of receipt of the notice of the Commissioner's recommendation, provide a written statement and other documentation to show cause as to why that action should not be taken.
  - (C) Final determination of corrective action shall be determined by the board based upon a review of the documentation submitted by the department and the charter sponsor.

*AUTHORITY: sections 160.400 and 161.092, RSMo Supp. 2010, and Mo Const. art. IX, § 2 (A)*

*PUBLIC COST: The purpose of this rule is to assist charter sponsors in compliance with duties that are prescribed by law, and implemented by the department with existing staff resources. Therefore the cost of implementation is estimated to be less than five hundred dollars (\$500) in the aggregate.*

*PRIVATE COST: The purpose of this rule is to assist charter sponsors in compliance with duties that are prescribed by law, and implemented by the department with existing staff resources. Therefore the cost of implementation is estimated to be less than five hundred dollars (\$500) in the aggregate.*

*NOTICE TO SUBMIT COMMENTS: Anyone may file a statement in the support of or in opposition to this proposed rule with the Department of Elementary and Secondary Education, Attention: Margie Vandeven, Assistant Commissioner, Office of Quality Schools, PO Box 480, Jefferson City, MO 65102-0480 or by email at: [webreplyimprcharter@dese.mo.gov](mailto:webreplyimprcharter@dese.mo.gov). To be considered, comments must be received within thirty (30) days after publication of this notice in the **Missouri Register**. No public hearing is scheduled.*