

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

PROPOSED RULE

5 CSR 20-100.270 Charter Sponsorship Inflation Adjustment

PURPOSE: This rule establishes the method of adjustment for inflation for charter sponsorship payment as required by the Department of Elementary and Secondary Education (department). The inflation adjustment serves to keep current the funding for the sponsor oversight for sponsors remaining in good standing by fulfilling the obligations under sections 160.400 to 160.425, 161.092, and 167.349, RSMo.

- (1) Section 160.400.11, RSMo, requires that the expenses of charter school sponsorship shall be defrayed by the department retaining one and five-tenths percent (1.5%) of the amount of state and local funding allocated to a charter school, not to exceed one hundred twenty-five thousand dollars (\$125,000), adjusted for inflation.
- (2) Beginning with the 2016-17 school year, the Consumer Price Index (CPI) will be used to calculate the inflation adjustment for only those charter sponsors that have reached the maximum one hundred twenty-five thousand dollars (\$125,000). The department will calculate the rate of inflation to be applied to the one hundred twenty-five thousand dollar (\$125,000) limit as follows:
 - (A) The base for the calculation is the December 2006 CPI as calculated by the U.S. Bureau of Labor Statistics;
 - (B) The CPI for December 2006 will be divided into the CPI as calculated by the U.S. Bureau of Labor Statistics for the December immediately preceding the beginning of the current fiscal year; and
 - (C) The quotient derived will be multiplied by one hundred twenty-five thousand dollars (\$125,000) and the result will be the maximum payment to sponsors for the current year.

AUTHORITY: sections 160.400, 160.425, 161.092, and 167.349, RSMo Supp. 2014.

PUBLIC COST: This proposed rule is estimated to cost state agencies or political subdivisions one hundred forty thousand four hundred thirty-four dollars and thirty-two cents (\$140,434.32) in the aggregate.

PRIVATE COST: This proposed rule will not cost private entities more than five hundred dollars (\$500) in the aggregate.

*NOTICE TO SUBMIT COMMENTS: Anyone may file a statement in support of or in opposition to this proposed rule with the Department of Elementary and Secondary Education, ATTN: Educational Support Services, Office of Quality Schools, PO Box 480, Jefferson City, MO 65102-0480, or by email to 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.*

**FISCAL NOTE
PUBLIC COST**

I. Title: 5 - Department of Elementary and Secondary Education
Division: 20 - Division of Learning Services
Chapter: 100 - Office of Quality Schools

Rule Number and Name:	5 CSR 20-100.270 - Charter Sponsorship Inflation Adjustment
Type of Rulemaking:	Proposed Rule

II. SUMMARY OF FISCAL IMPACT

Affected Agency or Political Subdivision	Estimated Cost of Compliance in the Aggregate
Public Charter Schools	\$140,434.32

III. WORKSHEET

		Projected Annualized Funding	1.5% of Annualized Funding	Projected Sponsor Payment Based Upon Adjustment to \$125,000	Projected Increase in Sponsor Payment above \$125,000
2015-16	University Academy	\$9,902,649.00	\$148,539.74	\$147,535.34	\$22,535.34
2015-16	Alta Vista Charter School	\$11,902,114.00	\$178,531.71	\$147,535.34	\$22,535.34
2015-16	Hogan Preparatory Academy	\$9,845,444.00	\$147,681.66	\$147,535.34	\$22,535.34
2015-16	Academie Lafayette	\$8,460,429.00	\$126,906.44	\$126,906.44	\$1,906.44
2015-16	Frontier School of Innovation	\$15,840,845.00	\$237,612.68	\$147,535.34	\$22,535.34
2015-16	Premier Charter	\$8,554,389.00	\$128,315.84	\$128,315.84	\$3,315.84
2015-16	Confluence Academy	\$28,338,410.00	\$425,076.15	\$147,535.34	\$22,535.34
2015-16	Gateway Science Academy/St. Louis	\$10,214,365.00	\$153,215.48	\$147,535.34	\$22,535.34
	Projected Estimated Costs to Charters				\$140,434.32

IV. ASSUMPTIONS

Based on the CPI of 2006 and the CPI of December 2015* (estimated on the September 2015 CPI), inflation has increased one-hundred eighteen and three-hundredths percent (118.03%). Using the percent of inflation, the sponsor payment (capped at one-hundred and twenty-five thousand dollars (\$125,000)) for those sponsors that currently have reached the statutory cap, the sponsorship fees for the eight (8) charters would increase a total of one-hundred forty thousand, four-hundred and thirty-four dollars and thirty-two cents (\$140,434.32) for projected first-year cost.