

**MISSOURI STATE BOARD OF EDUCATION AGENDA ITEM:****December 2015**

**CONSIDERATION OF A NOTICE OF PROPOSED RULEMAKING TO ADOPT 5 CSR 20-100.270  
CHARTER SPONSORSHIP INFLATION ADJUSTMENT**

**STATUTORY AUTHORITY:**

Sections 160.400, 160.425, 161.092, and 167.349,  
RSMo.

Consent  
Item

Action  
Item

Report  
Item

**DEPARTMENT GOAL NO. 4:**

The Missouri Department of Elementary and Secondary Education will improve departmental efficiency and operational effectiveness.

**SUMMARY:**

Rule 5 CSR 20-100.270 will establish an inflation adjustment for charter sponsorship pursuant to Section 160.400.11, RSMo (2014). The Department will use the Consumer Price Index (CPI) for calculating the inflation adjustment. The adjustment will begin with the 2016-17 school year.

**PRESENTERS:**

Ron Lankford, Deputy Commissioner, Financial and Administrative Services; Chris Neale, Assistant Commissioner, and Curt Fuchs, Coordinator, Office of Quality Schools, will participate in the presentation and discussion of this agenda item.

**RECOMMENDATION:**

The Department recommends that the State Board of Education authorize publication in the *Missouri Register* of a notice of proposed rulemaking to adopt Rule 5 CSR 20-100.270 relating to establishing an inflation adjustment for charter sponsorship, and that the State Board finds this rule necessary to carry out the purposes of Sections 160.400, 160.425, 161.092, and 167.349, RSMo.

**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: It is estimated that this proposed rule will cost public entities one-hundred forty thousand, four-hundred and 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](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.*

**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**

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

**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**

		<b>Projected Annualized Funding</b>	<b>1.5% of Annualized Funding</b>	<b>Projected Sponsor Payment Based Upon Adjustment to \$125,000</b>	<b>Projected Increase in Sponsor Payment above \$125,000</b>
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
	<b>Projected Estimated Costs to Charters</b>				<b>\$140,434.32</b>

**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.