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Kent King, Commissioner
Department of Elementary and Secondary Education
205 Jefferson Street
Jefferson City, MO 65101

Re: Charter Schools LEA

Dear Commissioner King,

As you know, effective July 1, 2006, charter schools have the option of becoming Local Education Authorities (LEA). All of the charter schools in Kansas City have elected and been granted LEA status. As a result of this status, those charter schools now receive their funding directly from the State of Missouri rather than having KCMSD be their paying agent. The July payment from DESE was significantly less than required by Missouri law. DESE's calculations have caused significant hardship to the charter schools, particularly at a time when budgets are being drafted. I write to request that DESE immediately change its calculations to comply with state law and make the proper payment in August.

The General Assembly has been clear in its intention to see that students who attend public charter school receive funding equal to those who choose to attend non-charter schools. As you know, there have been several amendments to the funding mechanism for charter schools, all based on the general "money follows the children" concept. The most recent example is the new 160.415.4. Its mandates are clear:

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

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The calculation is straightforward. To arrive at an amount per weighted average daily attendance (WADA), DESE should:

1. Obtain the product of the state adequacy target (\$6,117) and the dollar value multiplier for the Kansas City Missouri School District (1.090). This produces a base figure of \$6,667.53.

2. To this \$6,667.53 shall be added local tax revenues in excess of the performance levy (\$3.43) for the district. In this case, the district has a levy of \$4.95 per \$100, so the local levy in excess of the state performance levy (4.95 less 3.43) is \$1.52 per \$100.

a. On an assessed valuation of \$2,650,102, 209 for KCMSD (12/31/04 amount), the \$1.52 excess levy produces \$40,281,553.57.

b. Dividing \$40,281,553.27 in 2.a. by an estimated total WADA for children attending public schools within KCMSD of 37,942 (DESE estimate) produces an additional per WADA amount of \$1,061.66.

3. Therefore, the total amount 160.415 RSMo. requires the state to multiply times an LEA charter schools WADA is $\$6,667.53 + \$1061.66 = \$7729.19$. Upon multiplying this amount by the WADA for a charter school, DESE is required to transfer that amount from state funds to the charter schools. DESE is also required to transfer all other state aid attributable, i.e. Prop. C funds.

In spite of this calculation, DESE used \$4,175 as the per WADA amount in its first payment to LEA Charters. That amount is approximately 54% of the correct amount due. This resulted in the state not transferring the amounts required by the legislature and significant hardship on charter school operations and students.

Based on discussions with the Attorney General's office, I have been advised that the reason DESE reduced the statutorily required \$7729.19 per WADA due to charter schools was an effort to comply with a recent order of the United States District Court for the Western District of Missouri. I understand that DESE deducted, on a per WADA basis, the entire local effort in the Kansas City Missouri School District from the calculation. Such a reduction is not authorized by state statute and not required by Court orders.

The plain language of Judge Whipple's order did not find 160.415 to violate any federal law or order of any court nor did it direct the state on how to calculate the amount of money due to charter schools. Moreover, Judge Whipple's order did not address in any way, shape or form the amount of state funds that may be transferred to the charter schools. Judge Whipple's order simply prohibited state officials from "requiring KCMSD to divert any funds from the \$4.95 per \$100 property tax levy to the charter schools." See p. 7 of Judge Whipple's order. DESE may fully comply with 160.415 RSMo., and transfer state funds in the amount of WADA X \$7,729.66

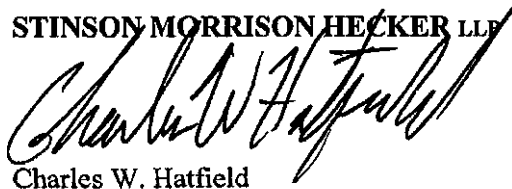
without requiring KCMSD to divert any funds at all and certainly without requiring KCMSD to divert funds that are from a local tax levy.

All of the funds due charter schools are state money from taxes paid statewide. Please comply with state law and adjust the payments to LEA charter schools to the amount required by state law, \$7,729 per WADA. If DESE disagrees with this methodology please let me know.

Finally, representatives of the charter schools would appreciate the opportunity to meet with you and/or appropriate members of your staff to discuss the contents of this letter and the calculations for payments to charter school LEA's.

Sincerely,

STINSON MORRISON HECKER LLP



Charles W. Hatfield

CWH:bfv

cc: Jane Drummond
Lt. Governor Kinder
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