

What is a General Obligation Bond?

A general obligation bond (“GO Bond”) is a type of bond that allows state and local governments, including school districts, to raise money for projects that may not directly generate a revenue stream. GO Bonds are not backed by a revenue producing project or asset. Rather, GO Bonds are backed by the “full faith and credit” of the issuer. This means that GO Bonds are backed by the issuer’s ability to tax, and to raise taxes, if necessary, in order to pay bondholders. For school districts, this usually means the ability to increase property taxes.

What are the requirements for approving a GO Bond?

The voters located within the government’s geographic boundaries (in this case within Kansas City Public School boundaries) will be asked whether they would like to approve the bond during a regularly scheduled election.

Kansas City Public Schools (“KCPS”) has publicly stated that it intends to place a question on the April 2025 municipal election ballot asking voters to approve a GO Bond for the school district. A GO Bond may only be approved by a super-majority of qualified voters, voting at the election, voting “yes.” At the April 2025 municipal election, 4/7ths of the voters voting would have to vote “yes” to approve the GO Bond for KCPS.

Will the approval of a GO Bond for Kansas City Public Schools impact property taxes?

Yes. All residents within the KCPS boundary lines will see an increase in property taxes because those taxes are required to pay off the bond. The Missouri Constitution requires that, before incurring any debt, a school district must “provide for the collection of an annual tax on all taxable tangible property therein sufficient to pay the interest and principal of the indebtedness[.]”¹

What is the timeline for the GO Bond?

KCPS has stated the plan is for the GO bond to be on the April 2025 ballot. To be on the ballot, bond language must be finalized by the end of January and submitted to the KC Election Board (KCEB). Ultimately, this means, which has been shared publicly, KCPS is seeking for the KCPS local district board to approve the bond “package” at their November 2024 board meeting.

¹ Mo. Const. art. VI § 26(f).

Can charter schools issue bonds?

No. Charter schools are not authorized to issue bonds. Charter schools, however, may be invited to participate in a bond issued by a school district. Those bonds may be used for “physical facilities and other capital items for charter schools[.]”²

Will Kansas City charter schools participate in KCPS’s bond?

Kansas City charter schools are dedicated to making sure that students have the best education and school facility possible, which also means making sure they are utilizing every dollar well. At this time, each Kansas City charter school is evaluating the terms offered by KCPS. There are 8 schools that are still considering participating in the bond at this time. Negotiations regarding the amount of bond proceeds dedicated to charter schools as well as the terms of a contract between KCPS and charter schools are ongoing.

Has KCPS announced a proposed amount of funds to be dedicated to charter schools?

Yes. KCPS has announced that it will offer up to \$50 million (minus 3% in fees (e.g., \$1.5M), inclusive of 1.5% administrative fees) to charter schools in Kansas City depending on the number of charter schools that participate in the bond. KCPS has also announced that it intends to ask voters to approve a bond in a total amount of \$474 million, with at least \$424 million going towards KCPS projects.

I read that charter schools have \$168 million in facility needs. What is that about?

On August 1, 2024, the Missouri Charter Public School Association (“MCPSA”), on behalf of Kansas City charter schools and serving in a liaison capacity with KCPS, submitted draft facility assessments to KCPS to preliminarily document facility needs for interested charter schools. Included in this submission were assessments from 8 charter schools, across 13 physical buildings, which documented \$168 million in facility needs (an average need of almost \$13 million per building). In total, there are 20 charter schools in Kansas City but some charter schools, at various points in the discussions around the bond, elected to not participate or not to submit information at this time.

Why are only 8 charter schools considering participating in the GO Bond?

There are several reasons for this among the non-participating charter schools. These include but are not limited to:

² § 160.415.12, RSMo.

Working Document as of September 9, 2024

- a) Some charter schools deemed that their facility was in good condition presently so the school's time was best spent supporting the school, the instructional environment, and meeting family and student needs.
- b) Some charter LEAs opted to exit the bond process in the spring or early summer because the terms or requirements to participate were not acceptable. Of note, as many as 14 of the 20 charter LEAs were closely considering the general obligation up through late spring and early summer, 2024.

How does the amount of bond proceeds offered to charter schools compare to charter school enrollment?

Kansas City charter schools serve 13,339 public school students in grades pre-Kindergarten through Grade 12. There are 14,779 PK-12 students served by Kansas City Public Schools. This means charter school students are 47% of the total enrollment and KCPS students are 53%. At a share of \$50 million, this means charter school students would receive 11% of bond proceeds and KCPS students would receive 89%.

There are 4,980 PK-12 students in the 8 total charter schools still considering the GO bond. At a maximum amount of \$50 million, that is \$10,040 per student at a charter school, compared to \$28,689 per student at a KCPS school.

What's next?

Kansas City charter schools will continue to advocate for the best academic, financial, facility, and school for their students. As to the next steps on the bond, KCPS will need to finalize language which will appear on the April 2025 election ballot, including the total amount of funds for the bond. Once that language is finalized, this FAQ will be updated.