

NEWS RELEASES

PUBLISHED: AUGUST 23, 2011

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## Husch Blackwell Obtains \$9 Million Verdict for Kansas City, Missouri School District Against State of Missouri

### **Cole County Circuit Court Ruled Against State of Missouri and Kansas City Charter Schools for Improper Diversion of Local Property Tax Revenues**

On August 19, 2011, the Circuit Court of Cole County, Missouri, entered summary judgment in favor of Husch Blackwell client the Kansas City, Missouri School District and against the State of Missouri in the amount of \$9,027,599.40. The court also entered summary judgment in favor of the School District and against a group of Kansas City charter schools in the cumulative amount of \$7,445,709.51.

Under the court's judgment, the State has 12 months from the date any appeal is final to pay the School District \$9,027,599.40. If the State has not paid the judgment by that deadline, the School District will be able to collect up to \$7,445,709.51 from the charter schools. Cole County Circuit Court Judge Jon E. Beetem included prejudgment interest in calculating the award against the State. Post-judgment interest will accrue on both awards at the rate of 9 percent per year, uncompounded.

The judgment vindicates the School District's efforts to recover from the State and charter schools local property tax revenues that the State forced the School District to divert to charter schools in violation of a 1996 settlement agreement between the School District and the State that resulted in the State's dismissal from federal desegregation litigation.

The court held that, by passing and enforcing a State law that required the School District to divert local property tax revenues to the charter schools for a period of time in 2005 and 2006, the State violated provisions of the settlement agreement that required the State not to interfere with the School District's ability to repay improvement bonds that were ordered by the federal court as part of the desegregation litigation. The court also held that the Missouri Department of Elementary and Secondary Education erred by refusing to restore the diverted funds to the School District after the federal court enjoined the State law in 2006. The court further held that the charter schools' receipt of the School District's local property tax revenues was unjust and that the charter schools should return the funds to the School District in the event the State does not pay the judgment within the time allotted by the court.

Husch Blackwell Partners Allan Hallquist, Michael Norton and Hayley Hanson and Associate Derek Teeter represented the Kansas City, Missouri School District in this matter.

A copy of the court's Order and Judgment can be accessed [here](#).

With more than 85 years of experience in education law, Husch Blackwell's Educational Institutions group is a recognized leader in representing public and private educational institutions. Attorneys in the Education practice devote substantially all of their time to serving the needs of public and private elementary schools, secondary schools, institutions of higher education and other education-related businesses and organizations.