

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 2053
95TH GENERAL ASSEMBLY

3138L.03C

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 160.545, 161.209, and 165.011, RSMo, and to enact in lieu thereof five new sections relating to school budgeting and planning process.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 160.545, 161.209, and 165.011, RSMo, are repealed and five new sections enacted in lieu thereof, to be known as sections 160.545, 161.209, 163.410, 165.011, and 167.128, to read as follows:

160.545. 1. There is hereby established within the department of elementary and secondary education the "A+ Schools Program" to be administered by the commissioner of education. The program shall consist of grant awards made to public secondary schools that demonstrate a commitment to ensure that:

(1) All students be graduated from school;

(2) All students complete a selection of high school studies that is challenging and for which there are identified learning expectations; and

(3) All students proceed from high school graduation to a college or postsecondary vocational or technical school or high-wage job with work place skill development opportunities.

2. The state board of education shall promulgate rules and regulations for the approval of grants made under the program to schools that:

(1) Establish measurable districtwide performance standards for the goals of the program outlined in subsection 1 of this section; and

(2) Specify the knowledge, skills and competencies, in measurable terms, that students must demonstrate to successfully complete any individual course offered by the school, and any course of studies which will qualify a student for graduation from the school; and

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 (3) Do not offer a general track of courses that, upon completion, can lead to a high
18 school diploma; and

19 (4) Require rigorous coursework with standards of competency in basic academic
20 subjects for students pursuing vocational and technical education as prescribed by rule and
21 regulation of the state board of education; and

22 (5) Have a partnership plan developed in cooperation and with the advice of local
23 business persons, labor leaders, parents, and representatives of college and postsecondary
24 vocational and technical school representatives, with the plan then approved by the local board
25 of education. The plan shall specify a mechanism to receive information on an annual basis from
26 those who developed the plan in addition to senior citizens, community leaders, and teachers to
27 update the plan in order to best meet the goals of the program as provided in subsection 1 of this
28 section. Further, the plan shall detail the procedures used in the school to identify students that
29 may drop out of school and the intervention services to be used to meet the needs of such
30 students. The plan shall outline counseling and mentoring services provided to students who will
31 enter the work force upon graduation from high school, address apprenticeship and intern
32 programs, and shall contain procedures for the recruitment of volunteers from the community
33 of the school to serve in schools receiving program grants.

34 3. A school district may participate in the program irrespective of its accreditation
35 classification by the state board of education, provided it meets all other requirements.

36 4. By rule and regulation, the state board of education may determine a local school
37 district variable fund match requirement in order for a school or schools in the district to receive
38 a grant under the program. However, no school in any district shall receive a grant under the
39 program unless the district designates a salaried employee to serve as the program coordinator,
40 [with the district assuming a minimum of one-half the cost of the salary and other benefits
41 provided to the coordinator] **but no minimum percentage of time shall be required for the**
42 **A+ coordination.** Further, no school in any district shall receive a grant under the program
43 unless the district makes available facilities and services for adult literacy training as specified
44 by rule of the state board of education.

45 5. For any school that meets the requirements for the approval of the grants authorized
46 by this section and specified in subsection 2 of this section for three successive school years, by
47 August first following the third such school year, the commissioner of education shall present
48 a plan to the superintendent of the school district in which such school is located for the waiver
49 of rules and regulations to promote flexibility in the operations of the school and to enhance and
50 encourage efficiency in the delivery of instructional services in the school. The provisions of
51 other law to the contrary notwithstanding, the plan presented to the superintendent shall provide
52 a summary waiver, with no conditions, for the pupil testing requirements pursuant to section

53 160.257 in the school. Further, the provisions of other law to the contrary notwithstanding, the
54 plan shall detail a means for the waiver of requirements otherwise imposed on the school related
55 to the authority of the state board of education to classify school districts pursuant to subdivision
56 (9) of section 161.092, RSMo, and such other rules and regulations as determined by the
57 commissioner of education, except such waivers shall be confined to the school and not other
58 schools in the school district unless such other schools meet the requirements of this subsection.
59 However, any waiver provided to any school as outlined in this subsection shall be void on June
60 thirtieth of any school year in which the school fails to meet the requirements for the approval
61 of the grants authorized by this section as specified in subsection 2 of this section.

62 6. For any school year, grants authorized by subsections 1 to 3 of this section shall be
63 funded with the amount appropriated for this program, less those funds necessary to reimburse
64 eligible students pursuant to subsection 7 of this section.

65 7. The commissioner of education shall, by rule and regulation of the state board of
66 education and with the advice of the coordinating board for higher education, establish a
67 procedure for the reimbursement of the cost of tuition, books and fees to any public community
68 college or vocational or technical school or within the limits established in subsection 9 of this
69 section for any two-year private vocational or technical school for any student:

70 (1) Who has attended a public high school in the state for at least three years immediately
71 prior to graduation that meets the requirements of subsection 2 of this section, except that
72 students who are active duty military dependents who, in the school year immediately preceding
73 graduation, meet all other requirements of this subsection and are attending a school that meets
74 the requirements of subsection 2 of this section shall be exempt from the three-year attendance
75 requirement of this subdivision; and

76 (2) Who has made a good faith effort to first secure all available federal sources of
77 funding that could be applied to the reimbursement described in this subsection; and

78 (3) Who has earned a minimal grade average while in high school as determined by rule
79 of the state board of education, and other requirements for the reimbursement authorized by this
80 subsection as determined by rule and regulation of said board.

81 8. The commissioner of education shall develop a procedure for evaluating the
82 effectiveness of the program described in this section. Such evaluation shall be conducted
83 annually with the results of the evaluation provided to the governor, speaker of the house, and
84 president pro tempore of the senate.

85 9. For a two-year private vocational or technical school to obtain reimbursements under
86 subsection 7 of this section, the following requirements shall be satisfied:

87 (1) Such two-year private vocational or technical school shall be a member of the North
88 Central Association and be accredited by the Higher Learning Commission as of July 1, 2008,
89 and maintain such accreditation;

90 (2) Such two-year private vocational or technical school shall be designated as a
91 501(c)(3) nonprofit organization under the Internal Revenue Code of 1986, as amended;

92 (3) No two-year private vocational or technical school shall receive tuition
93 reimbursements in excess of the tuition rate charged by a public community college for course
94 work offered by the private vocational or technical school within the service area of such college;
95 and

96 (4) The reimbursements provided to any two-year private vocational or technical school
97 shall not violate the provisions of article IX, section 8, or article I, section 7, of the Missouri
98 Constitution or the first amendment of the United States Constitution.

161.209. 1. The department of elementary and secondary education has an affirmative
2 duty to seek comment on its rules, regulations, and policies after their final approval or
3 implementation. The department shall undertake such review on existing rules, regulations, and
4 policies on an ad hoc, periodic basis with a priority given to such rules, regulations, and policies
5 that could successfully be revised without affecting student achievement to accommodate periods
6 when there is no increase in the appropriation for basic state aid funding pursuant to section
7 163.031, RSMo, from one fiscal year to the next or when withholdings of appropriated funds
8 result in a situation equivalent to no increase in such appropriation.

9 **2. For fiscal years 2011 and 2012, if the appropriation for subsections 1 and 2 of**
10 **section 163.031 is less than the annualized calculation of the amount needed for the phase-**
11 **in required under subsection 4 for that fiscal year or the appropriation for transportation**
12 **as provided in subsection 3 of section 163.031 is funded at a level that provides less than**
13 **seventy-five percent of allowable costs, the department shall not penalize any district**
14 **undergoing its accreditation review for a failure to meet resource standards. If the**
15 **governor withholds funds for the school funding formula basic apportionment under**
16 **section 163.031, school districts undergoing accreditation review in the fiscal year following**
17 **the fiscal year of withholding shall not be penalized for failure to meet resource standards.**

163.410. 1. Notwithstanding the provisions of section 163.021 and subsection 6 of
2 **section 163.031, in fiscal years 2011 and 2012, if the appropriation for subsections 1 and**
3 **2 of section 163.031 is less than the annualized calculation of the amount needed for the**
4 **phase-in required under subsection 4 for that fiscal year or the appropriation for**
5 **transportation as provided in subsection 3 of section 163.031 is funded at a level that**
6 **provides less than seventy-five percent of allowable costs school districts shall be excused**
7 **from compliance with:**

8 **(1) Spending funds for professional development as required under subsection 1**
9 **of section 160.530; and**

10 **(2) The fund placement and expenditure requirements of subsection 6 of section**
11 **163.031.**

12 **2. If the governor withholds funds for the school funding formula basic**
13 **apportionment under section 163.031, school districts shall be excused from compliance**
14 **with the sections listed in subsection 1 of this section in the following fiscal year.**

15 **3. Notwithstanding any other provisions of law applicable to categorical funds**
16 **awarded under subsection 3 of section 163.031, for the fiscal years 2011 and 2012 school**
17 **districts may expend up to ten percent of the amount of their categorical payments for**
18 **expenses not attributable to the specific categorical.**

165.011. 1. The following funds are created for the accounting of all school moneys:
2 teachers' fund, incidental fund, capital projects fund and debt service fund. The treasurer of the
3 school district shall open an account for each fund specified in this section, and all moneys
4 received from the county school fund and all moneys derived from taxation for teachers' wages
5 shall be placed to the credit of the teachers' fund. All tuition fees, state moneys received under
6 section 163.031, RSMo, and all other moneys received from the state except as herein provided
7 shall be placed to the credit of the teachers' and incidental funds at the discretion of the district
8 board of education, except as provided in subsection 6 of section 163.031, RSMo. Money
9 received from other districts for transportation and money derived from taxation for incidental
10 expenses shall be credited to the incidental fund. All money derived from taxation or received
11 from any other source for the erection of buildings or additions thereto and the remodeling or
12 reconstruction of buildings and the furnishing thereof, for the payment of lease-purchase
13 obligations, for the purchase of real estate, or from sale of real estate, schoolhouses or other
14 buildings of any kind, or school furniture, from insurance, from sale of bonds other than
15 refunding bonds shall be placed to the credit of the capital projects fund. All moneys derived
16 from the sale or lease of sites, buildings, facilities, furnishings, and equipment by a school
17 district as authorized under section 177.088, RSMo, shall be credited to the capital projects fund.
18 Money derived from taxation for the retirement of bonds and the payment of interest thereon
19 shall be credited to the debt service fund, which shall be maintained as a separate bank account.
20 Receipts from delinquent taxes shall be allocated to the several funds on the same basis as
21 receipts from current taxes, except that where the previous years' obligations of the district would
22 be affected by such distribution, the delinquent taxes shall be distributed according to the tax
23 levies made for the years in which the obligations were incurred. All refunds received shall be
24 placed to the credit of the fund from which the original expenditures were made. Money donated
25 to the school districts shall be placed to the credit of the fund where it can be expended to meet

26 the purpose for which it was donated and accepted. Money received from any other source
27 whatsoever shall be placed to the credit of the fund or funds designated by the board.

28 2. The school board may transfer any portion of the unrestricted balance remaining in
29 the incidental fund to the teachers' fund. Any district that uses an incidental fund transfer to pay
30 for more than twenty-five percent of the annual certificated compensation obligation of the
31 district and has an incidental fund balance on June thirtieth in any year in excess of fifty percent
32 of the combined incidental teachers' fund expenditures for the fiscal year just ended shall be
33 required to transfer the excess from the incidental fund to the teachers' fund. If a balance remains
34 in the debt service fund, after the total outstanding indebtedness for which the fund was levied
35 is paid, the board may transfer the unexpended balance to the capital projects fund. If a balance
36 remains in the bond proceeds after completion of the project for which the bonds were issued,
37 the balance shall be transferred from the incidental or capital projects fund to the debt service
38 fund. After making all placements of interest otherwise provided by law, a school district may
39 transfer from the capital projects fund to the incidental fund the interest earned from
40 undesignated balances in the capital projects fund. A school district may borrow from one of the
41 following funds: teachers' fund, incidental fund, or capital projects fund, as necessary to meet
42 obligations in another of those funds; provided that the full amount is repaid to the lending fund
43 within the same fiscal year.

44 3. Tuition shall be paid from either the teachers' or incidental funds. Employee benefits
45 for certificated staff shall be paid from the teachers' fund.

46 4. Other provisions of law to the contrary notwithstanding, the school board of a school
47 district that meets the provisions of subsection 6 of section 163.031, RSMo, may transfer from
48 the incidental fund to the capital projects fund the sum of:

49 (1) The amount to be expended for transportation equipment that is considered an
50 allowable cost under state board of education rules for transportation reimbursements during the
51 current year; plus

52 (2) Any amount necessary to satisfy obligations of the capital projects fund for
53 state-approved area vocational-technical schools; plus

54 (3) Current year obligations for lease-purchase obligations entered into prior to January
55 1, 1997; plus

56 (4) The amount necessary to repay costs of one or more guaranteed energy savings
57 performance contracts to renovate buildings in the school district, provided that the contract is
58 only for energy conservation measures as defined in section 640.651, RSMo, and provided that
59 the contract specifies that no payment or total of payments shall be required from the school
60 district until at least an equal total amount of energy and energy-related operating savings and
61 payments from the vendor pursuant to the contract have been realized by the school district; plus

62 (5) An amount not to exceed the greater of:

63 (a) One hundred sixty-two thousand three hundred twenty-six dollars; or

64 (b) Seven percent of the state adequacy target multiplied by the district's weighted
65 average daily attendance, provided that transfer amounts in excess of current year obligations of
66 the capital projects fund authorized under this subdivision may be transferred only by a
67 resolution of the school board approved by a majority of the board members in office when the
68 resolution is voted on and identifying the specific capital projects to be funded directly by the
69 district by the transferred funds and an estimated expenditure date.

70 5. Beginning in the 2006-07 school year, a district meeting the provisions of subsection
71 6 of section 163.031, RSMo, and not making the transfer under subdivision (5) of subsection 4
72 of this section, nor making payments or expenditures related to obligations made under section
73 177.088, RSMo, may transfer from the incidental fund to the debt service fund or the capital
74 projects fund the greater of:

75 (1) The state aid received in the 2005-06 school year as a result of no more than eighteen
76 cents of the sum of the debt service and capital projects levy used in the foundation formula and
77 placed in the respective debt service or capital projects fund, whichever fund had the designated
78 tax levy; or

79 (2) Five percent of the state adequacy target multiplied by the district's weighted average
80 daily attendance.

81 6. Beginning in the 2006-07 school year, the department of elementary and secondary
82 education shall deduct from a school district's state aid calculated pursuant to section 163.031,
83 RSMo, an amount equal to the amount of any transfer of funds from the incidental fund to the
84 capital projects fund or debt service fund performed during the previous year in violation of this
85 section; except that the state aid shall be deducted over no more than five school years following
86 the school year of an unlawful transfer based on a plan from the district approved by the
87 commissioner of elementary and secondary education.

88 7. A school district may transfer unrestricted funds from the capital projects fund to the
89 incidental fund in any year in which that year's June thirtieth combined incidental and teachers'
90 funds unrestricted balance compared to the combined incidental and teachers' funds expenditures
91 would be less than ten percent without such transfer.

92 **8. During fiscal years 2011, 2012, and 2013, a school district having unobligated**
93 **funds in its capital projects fund may make one transfer per fiscal year up to the amount**
94 **of unobligated funds from its capital projects fund to its incidental fund upon adoption of**
95 **a resolution by the board of education noting the financial condition of the district and the**
96 **purposes of the transfer.**

167.128. 1. Notwithstanding the provisions of section 167.121, a student who rides
2 a bus to a school in his or her district of residence with a travel time of more than one hour
3 each way may, with the approval of the receiving district, enroll in the receiving district
4 to attend a school if the travel time to that school is one-half or less of the travel time to the
5 school in the student's residence district.

6 2. The state aid generated by a student under subsection 1 of this section shall be
7 awarded to the receiving district.

8 3. The receiving district may provide transportation to a student under subsection
9 1 of this section within the boundaries of the receiving district.

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