

SECOND REGULAR SESSION

HOUSE BILL NO. 2210

99TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE CHRISTOFANELLI.

5764H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 163.021, 165.111, 165.121, and 165.181, RSMo, and to enact in lieu thereof two new sections relating to elementary and secondary education.

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

Section A. Sections 163.021, 165.111, 165.121, and 165.181, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 163.021 and 165.112, to read as follows:

163.021. 1. A school district shall receive state aid for its education program only if it:

(1) Provides for a minimum of one hundred seventy-four days and one thousand forty-four hours of actual pupil attendance in a term scheduled by the board pursuant to section 160.041 for each pupil or group of pupils, except that the board shall provide a minimum of one hundred seventy-four days and five hundred twenty-two hours of actual pupil attendance in a term for kindergarten pupils. If any school is dismissed because of inclement weather after school has been in session for three hours, that day shall count as a school day including afternoon session kindergarten students. When the aggregate hours lost in a term due to inclement weather decreases the total hours of the school term below the required minimum number of hours by more than twelve hours for all-day students or six hours for one-half-day kindergarten students, all such hours below the minimum must be made up in one-half day or full day additions to the term, except as provided in section 171.033;

(2) Maintains adequate and accurate records of attendance, personnel and finances, as required by the state board of education~~[-which shall include the preparation of a financial statement which shall be submitted to the state board of education the same as required by the provisions of section 165.111 for districts];~~

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) Levies an operating levy for school purposes of not less than one dollar and
18 twenty-five cents after all adjustments and reductions on each one hundred dollars assessed
19 valuation of the district;

20 (4) Computes average daily attendance as defined in subdivision (2) of section 163.011
21 as modified by section 171.031. Whenever there has existed within the district an infectious
22 disease, contagion, epidemic, plague or similar condition whereby the school attendance is
23 substantially reduced for an extended period in any school year, the apportionment of school
24 funds and all other distribution of school moneys shall be made on the basis of the school year
25 next preceding the year in which such condition existed.

26 2. For the 2006-07 school year and thereafter, no school district shall receive more state
27 aid, as calculated under subsections 1 and 2 of section 163.031, for its education program,
28 exclusive of categorical add-ons, than it received per weighted average daily attendance for the
29 school year 2005-06 from the foundation formula, line 14, gifted, remedial reading, exceptional
30 pupil aid, fair share, and free textbook payment amounts, unless it has an operating levy for
31 school purposes, as determined pursuant to section 163.011, of not less than two dollars and
32 seventy-five cents after all adjustments and reductions. Any district which is required, pursuant
33 to Article X, Section 22 of the Missouri Constitution, to reduce its operating levy below the
34 minimum tax rate otherwise required under this subsection shall not be construed to be in
35 violation of this subsection for making such tax rate reduction. Pursuant to Section 10(c) of
36 Article X of the state constitution, a school district may levy the operating levy for school
37 purposes required by this subsection less all adjustments required pursuant to Article X, Section
38 22 of the Missouri Constitution if such rate does not exceed the highest tax rate in effect
39 subsequent to the 1980 tax year. Nothing in this section shall be construed to mean that a school
40 district is guaranteed to receive an amount not less than the amount the school district received
41 per eligible pupil for the school year 1990-91. The provisions of this subsection shall not apply
42 to any school district located in a county of the second classification which has a nuclear power
43 plant located in such district or to any school district located in a county of the third classification
44 which has an electric power generation unit with a rated generating capacity of more than one
45 hundred fifty megawatts which is owned or operated or both by a rural electric cooperative
46 except that such school districts may levy for current school purposes and capital projects an
47 operating levy not to exceed two dollars and seventy-five cents less all adjustments required
48 pursuant to Article X, Section 22 of the Missouri Constitution.

49 3. No school district shall receive more state aid, as calculated in section 163.031, for
50 its education program, exclusive of categorical add-ons, than it received per eligible pupil for the
51 school year 1993-94, if the state board of education determines that the district was not in
52 compliance in the preceding school year with the requirements of section 163.172, until such

53 time as the board determines that the district is again in compliance with the requirements of
54 section 163.172.

55 4. No school district shall receive state aid, pursuant to section 163.031, if such district
56 was not in compliance, during the preceding school year, with the requirement, established
57 pursuant to section 160.530 to allocate revenue to the professional development committee of
58 the district.

59 5. No school district shall receive more state aid, as calculated in subsections 1 and 2 of
60 section 163.031, for its education program, exclusive of categorical add-ons, than it received per
61 weighted average daily attendance for the school year 2005-06 from the foundation formula, line
62 14, gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payment
63 amounts, if the district did not comply in the preceding school year with the requirements of
64 subsection 5 of section 163.031.

65 6. Any school district that levies an operating levy for school purposes that is less than
66 the performance levy, as such term is defined in section 163.011, shall provide written notice to
67 the department of elementary and secondary education asserting that the district is providing an
68 adequate education to the students of such district. If a school district asserts that it is not
69 providing an adequate education to its students, such inadequacy shall be deemed to be a result
70 of insufficient local effort. The provisions of this subsection shall not apply to any special
71 district established under sections 162.815 to 162.940.

165.112. 1. For purposes of this section, the following terms mean:

2 **(1) "Department", the department of elementary and secondary education;**

3 **(2) "Vendor type":**

4 **(a) Virtual courses or full-time virtual programs created and offered by a school**
5 **district; or**

6 **(b) Virtual courses or full-time virtual programs provided by third-party vendors**
7 **not affiliated with a Missouri public school.**

8 **2. Within fifteen days after a school district adopts its annual operating budget for**
9 **the following fiscal year, or after a district adopts a subsequent revision to such budget, the**
10 **district shall make the following information available through a link on its website**
11 **homepage:**

12 **(1) The annual operating budget and subsequent budget revisions;**

13 **(2) A summary of district expenditures for the most recent fiscal year for which it**
14 **is available, determined by using data that has already been collected and submitted to the**
15 **department and expressed in the following two pie charts:**

16 **(a) A chart of personnel expenditures, broken down into the following**
17 **subcategories:**

- 18 **a. Salaries and wages;**
- 19 **b. Employee benefit costs including, but not limited to, medical insurance, dental**
20 **insurance, vision insurance, life insurance, disability insurance, and long-term care**
21 **benefits;**
- 22 **c. Retirement benefit costs; and**
- 23 **d. All other personnel costs; and**
- 24 **(b) A chart of all district expenditures, broken down into the following**
25 **subcategories:**
- 26 **a. Instruction;**
- 27 **b. Support services;**
- 28 **c. Business and administration; and**
- 29 **d. Operations and maintenance;**
- 30 **(3) Links to all of the following:**
- 31 **(a) The current collective bargaining agreement for each bargaining unit, if**
32 **available;**
- 33 **(b) Each health care benefit plan including, but not limited to, a medical, dental,**
34 **vision, disability, or long-term care plan or any other type of plan that provides benefits**
35 **that would constitute health care services, offered to any bargaining unit or employee in**
36 **the district;**
- 37 **(c) The audit report of the audit covered under subsection 4 of this section for the**
38 **most recent fiscal year for which it is available;**
- 39 **(d) The district's written policy governing procurement of supplies, materials, and**
40 **equipment; and**
- 41 **(e) Either the district's accounts payable check register for the most recent fiscal**
42 **year or a statement of the total amount of expenses incurred by board members or**
43 **employees of the district that were reimbursed by the district for the most recent fiscal**
44 **year;**
- 45 **(4) The total salary and a description and cost of each fringe benefit included in the**
46 **compensation package for the superintendent of the district and for each employee of the**
47 **district whose salary exceeds seventy thousand dollars;**
- 48 **(5) The annual amount spent on dues paid to associations;**
- 49 **(6) The annual amount spent on lobbying or any lobbyist, as defined in section**
50 **105.470;**
- 51 **(7) Identification of all credit cards maintained by the district as district credit**
52 **cards, the identity of all individuals authorized to use each of those credit cards, the credit**

53 limit on each credit card, and the dollar limit, if any, for each individual's authorized use
54 of the credit card; and

55 (8) Costs incurred for each instance of out-of-state travel by any school
56 administrator or central office staff member of the district that is fully or partially paid for
57 by the district and the details of each such instance of out-of-state travel including, but not
58 limited to, identification of each individual on the trip, destination, and purpose of the trip.

59 3. For the purposes of determining the reasonableness of expenditures and whether
60 a violation of this section has occurred, all of the following provisions apply:

61 (1) Each district shall have an audit of its financial and pupil accounting records
62 conducted at least annually, and at such other times as determined by the department, at
63 the expense of the district, as applicable. The audits shall be performed by a certified
64 public accountant. A district shall retain its financial and pupil accounting records from
65 the current fiscal year and at least the three immediately preceding fiscal years;

66 (2) A district's annual financial audit shall include an analysis of the financial and
67 pupil accounting data used as the basis for distribution of state school aid under section
68 163.031;

69 (3) The pupil and financial accounting records and reports, audits, and
70 management letters are subject to requirements established in the auditing and accounting
71 manuals approved and published by the department;

72 (4) Each district shall fulfill the following requirements not later than December
73 thirty-first each year for reporting the prior fiscal year's data:

74 (a) A district shall file the annual financial audit reports with the department; and

75 (b) The annual financial audit reports and pupil accounting procedures reports
76 shall be available to the public in compliance with chapter 610; and

77 (5) Not later than January thirty-first of each year, the department shall notify the
78 state budget director, the house budget committee, and the senate appropriations
79 committee of districts that have not filed an annual financial audit and pupil accounting
80 procedures report required under this section for the school year ending in the
81 immediately preceding fiscal year.

82 4. By December thirty-first of each fiscal year, each district shall submit to the
83 department, in a manner prescribed by the department, annual comprehensive financial
84 data consistent with the district's audited financial statements and accounting manuals and
85 charts of accounts approved and published by the department. The department shall
86 ensure that the Missouri financial accounting manual and charts of accounts include
87 standard conventions to distinguish expenditures by allowable fund function and object.
88 The functions shall include, at a minimum, categories for instruction, pupil support,

89 instructional staff support, general administration, school administration, business
90 administration, transportation, facilities operation and maintenance, facilities acquisition,
91 and debt service. The functions shall include object classifications of salary; benefits,
92 including categories for active employee health expenditures; purchased services; supplies;
93 capital outlay; and other. Districts shall report the required level of detail consistent with
94 the manual as part of the comprehensive annual financial report.

95 5. Each district shall annually file with the department the special education actual
96 cost report, on a form and in a manner prescribed by the department.

97 6. By October seventh each year, each district shall file with the department the
98 transportation expenditure report, on a form and in a manner prescribed by the
99 department.

100 7. The department shall review its pupil accounting and pupil auditing manuals at
101 least annually and shall periodically update those manuals to reflect changes in this section.

102 8. If a district does not comply with subsection 2 of this section, the department
103 may withhold up to ten percent of the total state school aid due to the district under section
104 163.031, beginning with the next payment due to the district, until the district complies
105 with subsection 2 of this section. If the district does not comply with subsection 2 of this
106 section by the end of the fiscal year, the district shall forfeit the amount withheld.

107 9. By November first of each year, if a district offers a virtual course or full-time
108 virtual program under section 162.1250, the district shall submit to the department a
109 report that details the per-pupil costs of operating the virtual course or full-time virtual
110 program by vendor type. The report shall include, but not be limited to, the following
111 information concerning the operation of the virtual course or full-time virtual program for
112 the immediately preceding fiscal year:

113 (1) The name of the district operating the virtual course or full-time virtual
114 program and the name of each district that enrolled pupils in the virtual course or full-time
115 virtual program;

116 (2) The total number of pupils enrolled in the virtual course or full-time virtual
117 program and the number of pupils who reside in the district enrolled in the virtual course
118 or full-time virtual program;

119 (3) The name of the district in which any pupil was enrolled before enrolling in the
120 district offering the virtual course or full-time virtual program;

121 (4) The number of participating pupils who had previously dropped out of school;

122 (5) The number of participating pupils who had previously been expelled from
123 school;

(6) The total cost to enroll a pupil in the virtual course or full-time virtual program. This cost shall be reported on a per-pupil, per-course, per-semester or trimester basis by vendor type. The total shall include costs broken down by cost for content development, content licensing, training, virtual instruction and instructional support, personnel, hardware and software, payment to each virtual education provider, and other costs associated with operating the virtual course or full-time virtual program; and

(7) The name of each virtual education provider contracted by the district and the state in which each virtual education provider is headquartered.

10. By March thirty-first each year, the department shall submit to the state budget director, the house budget committee, and the senate appropriations committee a report summarizing the per-pupil costs by vendor type of virtual courses and full-time virtual programs available under section 162.1250.

11. Beginning October 1, 2019, and not less than once every three months after that date, the department shall submit to the house budget committee, the senate appropriations committee, the house committee on elementary and secondary education, and the senate committee on education an itemized list of fees or dues paid to any association or consortium consisting of associations. The report shall detail the recipient or recipients, the amount allocated, and the purpose for which the funds were distributed.

12. Each school district shall maintain a website to comply with the provisions of this section.

13. The department shall maintain a portal on its website that contains all the information school districts are required to make available through their websites under subsection 2 of this section.

14. The department may promulgate rules to implement the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable, and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2018, shall be invalid and void.

~~[165.111. 1. The school board of each district, for any year for which it does not cause an audit to be performed by October thirty-first after the close of the school year, shall make and publish, not later than September first, in some newspaper as described in section 493.050 published in the school district, and if there is none then in some newspaper of general circulation within the district,~~

6 a statement of all receipts of school moneys, when and from what source derived;
7 and all expenditures, and on what account; also, the present indebtedness of the
8 district and its nature, and the rate of taxation for all purposes for the year. The
9 statement shall be duly attested by the president and secretary of the board, and
10 the secretary shall forward a copy to the state board of education on forms
11 prescribed by the board.

12 ~~2. The state board of education shall not release the state aid apportioned~~
13 ~~to the district for the next ensuing school year until a copy of the required~~
14 ~~statement has been received at its office in Jefferson City and has been approved~~
15 ~~by it. Any school board which fails, refuses or neglects to order the statement to~~
16 ~~be made, and any officer of the board who fails, refuses, or neglects to prepare,~~
17 ~~publish and forward the statement, as required by this section, when ordered by~~
18 ~~the board, is guilty of a misdemeanor and punishable by a fine not to exceed one~~
19 ~~hundred dollars. Annual or biennial audit summaries shall be published~~
20 ~~according to section 165.121.]~~
21

2 [165.121. 1. The school board of each seven-director district shall cause
3 an audit examination to be made at least biennially of all financial, transportation
4 and attendance records of the districts. Such examination shall be made in
5 accordance with generally accepted auditing standards applicable in the
6 circumstances, including such reviews and tests of the system of internal check
7 and control and of the books, records and other underlying data as are necessary
8 to enable the independent accountant performing the audit to come to an
9 informed opinion as to the financial affairs (including attendance and
10 transportation transactions) of the district. An independent auditor who is not
11 regularly engaged as an employee of the school board shall perform the audit and
12 make a written report of his findings.

13 ~~2. The board shall supply each member thereof with a copy of the report~~
14 ~~and in addition shall furnish one copy each to the state department of elementary~~
15 ~~and secondary education and to the superintendent of schools of the county in~~
16 ~~which the district is located. The cost of the audit and report shall be paid for out~~
17 ~~of the incidental fund of the district.~~

18 ~~3. The report shall contain the following information:~~

19 ~~(1) A statement of the scope of examination;~~

20 ~~(2) The auditor's opinion as to whether the audit was made in accordance~~
21 ~~with generally accepted auditing standards applicable in the circumstances;~~

22 ~~(3) The auditor's opinion as to whether the financial statements included~~
23 ~~in the audit report present fairly the results of the operations during the period~~
24 ~~audited;~~

25 ~~(4) The auditor's opinion as to whether the financial statements~~
26 ~~accompanying the audit report were prepared in accordance with generally~~
~~accepted accounting principles applicable to school districts;~~

27 ~~_____ (5) The reason or reasons an opinion is not rendered with respect to items~~
28 ~~(3) and (4) in the event the auditor is unable to express an opinion with respect~~
29 ~~thereto;~~
30 ~~_____ (6) The auditor's opinion as to whether the district's budgetary and~~
31 ~~disbursement procedures conform to the requirements of chapter 67;~~
32 ~~_____ (7) The auditor's opinion as to whether attendance and transportation~~
33 ~~records are so maintained by the district as to disclose accurately average daily~~
34 ~~attendance and average daily transportation of pupils during the period of the~~
35 ~~audit;~~
36 ~~_____ (8) Financial statements presented in such form as to disclose the~~
37 ~~operations of each fund of the school district and a statement of the operations of~~
38 ~~all funds.~~
39 ~~_____ 4. The school board shall furnish the state department of elementary and~~
40 ~~secondary education with its copy of the audit report not later than October~~
41 ~~thirty-first following the close of the fiscal period covered by the audit unless, for~~
42 ~~good cause shown prior to such date, the commissioner of education or some~~
43 ~~officer of the department of elementary and secondary education designated by~~
44 ~~him for this purpose grants an extension of time, not to exceed sixty additional~~
45 ~~days, for the filing of the report. In the event the report in the approved form is~~
46 ~~not filed within the period or extension thereof, further state aid to the district~~
47 ~~shall thereafter be withheld until the audit report has been received by the~~
48 ~~department of elementary and secondary education.~~
49 ~~_____ 5. Within thirty days of the receipt of the audit report the school board~~
50 ~~shall cause a summary of the report to be prepared which shall include, together~~
51 ~~with any other matter the board deems appropriate, the following:~~
52 ~~_____ (1) A summary statement of fund balances and receipts and~~
53 ~~disbursements by major classifications of each fund and all funds;~~
54 ~~_____ (2) A summary statement of the scope of the audit examination;~~
55 ~~_____ (3) The auditor's opinion on the financial statements included in the audit~~
56 ~~report.~~
57
58 ~~_____ Immediately upon the completion of the summary, the school board shall cause~~
59 ~~it to be published once in a newspaper within the county in which all or a part of~~
60 ~~the district is located which has general circulation within the district or, if there~~
61 ~~is none, then the board shall cause the summary to be posted in at least five~~
62 ~~public places within the district. The publication shall contain information as to~~
63 ~~where the audit report is available for inspection and examination. The report~~
64 ~~shall be kept available for such purposes thereafter.]~~
65

2 ~~[165.181. At the close of each fiscal school year, the mayor of the city~~
3 ~~shall appoint one or more expert accountants, who shall examine the books,~~
4 ~~accounts and vouchers of the treasurer and all other departments of expenditure~~
of the board of the metropolitan district and shall make due report thereof to the

5 ~~mayor and the board of education of the city. All the officers and employees of~~
6 ~~the board shall produce and submit to the accountants for examination all books,~~
7 ~~papers, documents, vouchers and accounts in their office belonging or pertaining~~
8 ~~to the office, and shall in every way assist the accountants in their work. In the~~
9 ~~report to be made by the accountants they may make any recommendation they~~
10 ~~deem proper as to the business methods of the officers and employees. A~~
11 ~~reasonable compensation for the services shall be paid by the board.]~~

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