

FIRST REGULAR SESSION

# SENATE BILL NO. 480

91ST GENERAL ASSEMBLY

INTRODUCED BY SENATORS FOSTER, RUSSELL AND WESTFALL.

Read 1st time February 13, 2001, and 1,000 copies ordered printed.

TERRY L. SPIELER, Secretary.

1604S.031

## AN ACT

To repeal sections 163.172 and 165.011, RSMo 2000, and to enact in lieu thereof two new sections relating to school funds.

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

Section A. Sections 163.172 and 165.011, RSMo 2000, are repealed and two new sections enacted in lieu thereof, to be known as sections 163.172 and 165.011, to read as follows:

163.172. 1. In school year 1994-95 and thereafter, the minimum teacher's salary shall be eighteen thousand dollars. Beginning in the school year 1996-97, for any full-time teacher with a master's degree and at least ten years teaching experience in a public school or combination of public schools, the minimum salary shall be twenty-four thousand dollars.

2. Beginning with the budget requests for fiscal year 1991, the commissioner of education shall present to the appropriate committees of the general assembly information on the average Missouri teacher's salary, regional average salary data, and national average salary data **and a history of the cost to the state for the minimum salary for teachers program.**

3. **As used in this section, the following terms mean:**

(1) **"Full-time", a teacher working under school district contract for all school days and hours eligible for attendance of students;**

(2) **"Master's degree or its equivalent", at a minimum, a bachelor's degree plus at least thirty-two additional hours of course work which results in at least one additional certification;**

(3) **"Regular school term", a minimum of one hundred seventy-four days and one thousand forty-four hours of pupil attendance possible for students;**

**EXPLANATION--Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

**(4) "Salary", the salary and minimum salary supplement amounts which appear on the teacher's contract for the regular school term. Such term does not include supplements for extra duties, summer school, career ladder, or extensions of the contract year;**

**(5) "Teacher", all certificated school district personnel paid pursuant to the school district teacher salary schedule.**

**4.** All school **district employee salary and personnel policy** information shall be public information.

[4. As used in this section, the term "salary" shall be defined as the salary figure which appears on the teacher's contract and as determined by the local school district's basic salary schedule and does not include supplements for extra duties.]

5. The minimum salary for any fully certificated teacher employed on a less than full-time basis by a school district, state school for the severely handicapped, the Missouri School for the Deaf, or the Missouri School for the Blind shall be prorated to reflect the amounts provided in subsections 1 and [2] **10** of this section.

[6. Beginning with the 1996-97 school year, the general assembly shall make an annual appropriation to the excellence in education fund established in section 160.268, RSMo, for the purpose of fulfilling the minimum salary requirements for public school teachers in those districts meeting the qualifications established in subsection 7 of this section. The appropriation shall be sufficient to ensure that all qualifying districts are able to comply with the minimum salary requirements of this section. The department of elementary and secondary education shall determine, prior to each school year, those districts which shall be eligible to receive funds in this subsection during the school year. A qualifying district shall be eligible to receive funds appropriated in this subsection only during the first three years following the district's qualifying for such funds.

7. To qualify to begin receiving funds in subsection 6 of this section, a school district shall meet all of the following criteria:

(1) A portion of the real property of the district shall have been removed from the tax rolls due to the impact of state or federal government action;

(2) The district shall have received no more state aid on a per pupil basis for each of the last three school years, exclusive of categorical funding, than the district received for the 1992-93 school year;

(3) The salaries paid to all teachers in the district for the school year prior to qualification shall be totally compacted at the eighteen thousand dollar per year minimum established in this section;

(4) The district shall have in its employ for the school year prior to qualification one or more teachers with a master's degree and at least ten years' teaching experience in a public school or a

combination of public schools;

(5) The district shall be financially distressed or have a history of deficit spending which, if continued, will cause the district to become financially distressed within three years;

(6) The district had an enrollment of no greater than four hundred pupils for the preceding school year; and

(7) The district shall have levied an operating levy for school purposes of not less than two dollars seventy-five cents per one hundred dollars of assessed valuation for the previous year and shall continue to levy at no less than that rate.

8. For any school year in which a school district receives funds pursuant to subsections 6 and 7 of this section, such school district shall continue to expend on teacher salaries no less than the amount it expended on teacher salaries in the school year immediately prior to the school year in which it first receives such funds.

9. No school district receiving funds pursuant to subsections 6 and 7 of this section shall receive additional funds pursuant to subsection 6 of this section by virtue of the annexation of another school district to such school district during or after the school year immediately prior to the school year in which the annexing district first receives such funds; nor shall any school district annexed to a school district receiving funds pursuant to subsections 6 and 7 of this section also receive funds pursuant to subsection 6 of this section by virtue of such annexation if such annexation occurred during or after the school year immediately prior to the school year in which the annexing school district first receives such funds.]

**6. Beginning with the 2002-2003 school year, for districts choosing to participate in the program receiving funds pursuant to subsection 7 of this section, the minimum salary for a full-time teacher shall be at least twenty-five thousand dollars, the minimum salary for the full-time teacher with at least five years of previous experience shall be at least thirty thousand dollars, the minimum salary for a full-time teacher with at least nineteen years of previous experience or a full-time teacher with at least a master's degree or its equivalent and at least ten years previous experience shall be at least thirty-five thousand dollars, the minimum salary for a full-time teacher with at least a master's degree or its equivalent and at least nineteen years of previous experience shall be at least forty thousand dollars, and the minimum salary for a full-time teacher with at least a master's degree or its equivalent and at least twenty-nine years of previous experience shall be at least forty-five thousand dollars.**

**7. Beginning with the 2002-2003 school year, the general assembly shall make an annual appropriation to the excellence in education fund established in section 160.268, RSMo, for the purpose of paying public school teacher minimum salary supplements in those districts meeting the qualifications established in subsection 8 of this section and seeking to receive payments pursuant to this subsection. If the appropriation of the**

**general assembly is insufficient to pay the total cost of all salary supplements, the minimum salary amounts of subsection 6 of this section shall be prorated until the amount appropriated is sufficient to make the payments to all participating school districts.**

**8. To make application and qualify to begin receiving funds pursuant to subsection 7 of this section, a school district shall meet all of the following criteria:**

**(1) Levy a tax rate in the current year in incidental and teachers funds totaling no less than the operating levy for school purposes for the 2000-2001 school year after all reductions and rollbacks, excluding reductions to the district tax rate ceiling as required by article X, section 22 of the Missouri constitution;**

**(2) Make no increase in any voluntary tax rate rollback for operations compared to the 2000 property tax year;**

**(3) Make no transfer of revenue or balance from either incidental or teachers funds to either debt service or capital projects funds in excess of statutory authority;**

**(4) Employ all teachers in accordance with district policy with at least one teacher paid according to the district's salary schedule at less than the minimum salary as specified in subsection 6 of this section;**

**(5) Make no reduction in any salary amount in the district's teacher salary schedule compared to the district's 2000-2001 teacher salary schedule unless the district is financially stressed as identified by the department of elementary and secondary education;**

**(6) Beginning with school year 2002-2003, determine the salary of any teacher who is a new employee to a school district by placement on the district's salary schedule using all of the teacher's previous years of public school teaching experience; and**

**(7) Beginning with school year 2002-2003, for any school district which is not financially stressed, pay each returning teacher a salary for the regular school term which is no less than the salary paid that teacher during the previous school term on a full-time employee equivalent basis.**

**9. Reductions or penalties to state aid payments to school districts pursuant to subsection 7 of this section paying minimum salary supplements to teachers shall occur under the following conditions:**

**(1) Annually the amount by which total supplemental assignment and extra duty salaries, not including career ladder supplements, paid teachers by a district exceed eight and one-half percent of total salaries for the regular school term plus minimum salary supplements shall be subtracted from state payments made the following year pursuant to subsection 7 of this section;**

**(2) The amount of end-of-year fund balance in incidental and teachers funds**

**combined in excess of the greater of fifteen percent of expenditures in these funds or the 2000-2001 end-of-year fund balance in these funds shall be subtracted the following year from state payments paid pursuant to subsection 7 of this section and if necessary from state aid paid pursuant to section 163.031.**

**10. Future increases in minimum salaries established pursuant to subsection 6 of this section for teachers shall be contingent upon decreases in total state payments to all districts made pursuant to subsection 7 of this section. The second fiscal year following a fiscal year in which state cost of funding the minimum salary program pursuant to subsection 7 of this section is eighty-five percent or less of the full funding cost for the first school year of the state funding of minimum salaries for teachers pursuant to subsection 7 of this section, the value of each level of minimum salary provided in subsection 6 of this section shall be increased by one thousand dollars.**

**11. Expenditures related to state minimum salary revenue received by a district shall not be used to determine compliance with any other provisions of law including compliance with section 165.016, RSMo.**

**12. The state board of education shall issue rules and regulations as necessary for the efficient and effective implementation of this section. All such rules shall be promulgated pursuant to chapter 536, RSMo.**

**13. State minimum salary supplements paid pursuant to subsection 7 of this section may be funded from any increases in state revenues from taxation of riverboat gaming operations, including boarding fees and lottery proceeds, compared to the amount of these revenues appointed in fiscal year 2001 and any other funds appropriated for that purpose.**

165.011. 1. The following funds are created for the accounting of all school moneys: teachers' fund, incidental fund, free textbook fund, capital projects fund and debt service fund. The treasurer of the school district shall open an account for each fund specified in this section, and all moneys received from the county school fund and all moneys derived from taxation for teachers' wages shall be placed to the credit of the teachers' fund. All tuition fees, state moneys received under sections 162.975, RSMo, and 163.031, RSMo, and all other moneys received from the state except as herein provided shall be placed to the credit of the teachers' and incidental funds at the discretion of the district board of education. The portion of state aid received by the district pursuant to section 163.031, RSMo, based upon the portion of the tax rate in the debt service or capital projects fund, respectively, which is included in the operating levy for school purposes pursuant to section 163.011, RSMo, shall be placed to the credit of the debt service fund or capital projects fund, respectively. Money received from other districts for transportation and money derived from taxation for incidental expenses shall be credited to the incidental fund. Money apportioned for free textbooks shall be credited to the free textbook fund. All money derived from

taxation or received from any other source for the erection of buildings or additions thereto and the remodeling or reconstruction of buildings and the furnishing thereof, for the payment of lease-purchase obligations, for the purchase of real estate, or from sale of real estate, schoolhouses or other buildings of any kind, or school furniture, from insurance, from sale of bonds other than refunding bonds shall be placed to the credit of the capital projects fund. All moneys derived from the sale or lease of sites, buildings, facilities, furnishings and equipment by a school district as authorized under section 177.088, RSMo, shall be credited to the capital projects fund. Money derived from taxation for the retirement of bonds and the payment of interest thereon shall be credited to the debt service fund which shall be maintained as a separate bank account. Receipts from delinquent taxes shall be allocated to the several funds on the same basis as receipts from current taxes, except that where the previous years' obligations of the district would be affected by such distribution, the delinquent taxes shall be distributed according to the tax levies made for the years in which the obligations were incurred. All refunds received shall be placed to the credit of the fund from which the original expenditures were made. Money donated to the school districts shall be placed to the credit of the fund where it can be expended to meet the purpose for which it was donated and accepted. Money received from any other source whatsoever shall be placed to the credit of the fund or funds designated by the board.

2. The school board may expend from the incidental fund the sum that is necessary for the ordinary repairs of school property [and an amount not to exceed the sum of expenditures for classroom instructional capital outlay, as defined by the department of elementary and secondary education by rule, in state-approved area vocational-technical schools and .06 dollars per one hundred dollars equalized assessed valuation multiplied by the guaranteed tax base for the second preceding year multiplied by the number of resident and nonresident eligible pupils educated in the district for the second preceding year for classroom instructional capital outlay, including but not limited to payments authorized pursuant to section 177.088, RSMo]. Any and all payments [authorized under section 177.088, RSMo, except as otherwise provided in this subsection,] for the purchase or lease of sites, buildings, facilities, furnishings and equipment and all other expenditures for capital outlay shall be made from the capital projects fund. If a balance remains in the free textbook fund after books are furnished to pupils as provided in section 170.051, RSMo, it shall be transferred to the teachers' fund. The board may transfer the portion of the balance remaining in the incidental fund to the teachers' fund that is necessary for the total payment of all contracted obligations to teachers. If a balance remains in the debt service fund, after the total outstanding indebtedness for which the fund was levied is paid, the board may transfer the unexpended balance to the capital projects fund. If a balance remains in the bond proceeds after completion of the project for which the bonds were issued, the balance shall be transferred from the incidental or capital projects fund to the debt service fund. After making all placements of interest otherwise provided by law, a school district may transfer from the capital projects fund to the

incidental fund the interest earned from undesignated balances in the capital projects fund. All other sections of the law notwithstanding, a school district may transfer from the incidental fund to the capital projects fund an amount equal to the capital expenditures for school safety and security purposes. A school district may borrow from one of the following funds: teachers' fund, incidental fund or capital projects fund, as necessary to meet obligations in another of those funds; provided that the full amount is repaid to the lending fund within the same fiscal year.

3. Tuition shall be paid from either the teachers' or incidental funds.

4. Other provisions of law to the contrary notwithstanding, the school board of a school district that satisfies the criteria specified in subsection 5 of this section may transfer from the incidental fund to the capital projects fund [an amount not to exceed the greater of zero or] the sum of [.18 dollars per one hundred dollars equalized assessed valuation multiplied by the guaranteed tax base for the second preceding year multiplied by the number of resident and nonresident eligible pupils educated in the district for the second preceding year and] the amount to be expended for transportation equipment that is considered an allowable cost under state board of education rules for transportation reimbursements during the current year [and] **plus** any amount necessary to satisfy obligations of the capital projects fund for state-approved area vocational-technical schools [and] **plus** an amount not to exceed [.06 dollars per one hundred dollars equalized assessed valuation multiplied by] **the greater of one-half of** the guaranteed tax base for the second preceding year [multiplied by the number of resident and nonresident eligible pupils educated in the district for the second preceding year less any amount transferred pursuant to subsection 7 of this section, provided that any amount transferred pursuant to this subsection shall only be transferred as necessary to satisfy obligations of the capital projects fund less any amount expended from the incidental fund for classroom instructional capital outlay pursuant to subsection 2 of this section. For the purposes of this subsection, the guaranteed tax base and a district's count of resident and nonresident eligible pupils educated in the district shall not be less than their respective values calculated from data for the 1992-93 school year] **or eight and seventy-three hundredths percent of the district's entitlement for the second preceding school year as established pursuant to line 1 of subsection 6 of section 163.031, RSMo.**

5. In order to transfer funds pursuant to subsection 4 of this section, a school district shall:

(1) Meet the minimum criteria for state aid and for increases in state aid for the current year established pursuant to section 163.021, RSMo;

(2) Not incur a total debt, including short-term debt and bonded indebtedness in excess of [ten] **fifteen** percent of the guaranteed tax base for the preceding payment year multiplied by the number of resident and nonresident eligible pupils educated in the district in the preceding year;

(3) Set tax rates pursuant to section 164.011, RSMo;

(4) First apply any voluntary rollbacks or reductions to the total tax rate levied to the teachers' and incidental funds;

(5) In order to be eligible to transfer funds for paying lease purchase obligations:

(a) Incur such obligations, except for obligations for lease purchase for school buses, prior to January 1, 1997;

(b) Limit the term of such obligations to no more than twenty years;

(c) Limit annual installment payments on such obligations to an amount no greater than the amount of the payment for the first full year of the obligation, including all payments of principal and interest, except that the amount of the final payment shall be limited to an amount no greater than two times the amount of such first-year payment;

(d) Limit such payments to leasing nonathletic, classroom, instructional facilities as defined by the state board of education through rule; and

(e) Not offer instruction at a higher grade level than was offered by the district on July 12, 1994.

6. A school district shall be eligible to transfer funds pursuant to subsection 7 of this section if:

(1) Prior to August 28, 1993:

(a) The school district incurred an obligation for the purpose of funding payments under a lease purchase contract authorized under section 177.088, RSMo;

(b) The school district notified the appropriate local election official to place an issue before the voters of the district for the purpose of funding payments under a lease purchase contract authorized under section 177.088, RSMo; or

(c) An issue for funding payments under a lease purchase contract authorized under section 177.088, RSMo, was approved by the voters of the district; or

(2) Prior to November 1, 1993, a school board adopted a resolution authorizing an action necessary to comply with subsection 9 of section 177.088, RSMo. Any increase in the operating levy of a district above the 1993 tax rate resulting from passage of an issue described in paragraph (b) of subdivision (1) of this subsection shall be considered as part of the 1993 tax rate for the purposes of subsection 1 of section 164.011, RSMo.

7. Prior to transferring funds pursuant to subsection 4 of this section, a school district may transfer, pursuant to this subsection, from the incidental fund to the capital projects fund an amount as necessary to satisfy an obligation of the capital projects fund that satisfies at least one of the conditions specified in subsection 6 of this section, but not to exceed its payments authorized under section 177.088, RSMo, for the purchase or lease of sites, buildings, facilities, furnishings, equipment, and all other expenditures for capital outlay[, plus the amount to be expended for transportation equipment that is considered an allowable cost under state board of education rules for transportation reimbursements during the current year plus any amount necessary to satisfy obligations of the capital projects fund for state-approved area vocational-technical schools. A school district with a levy for school purposes no greater than the minimum levy specified in section



163.021, RSMo, and an obligation in the capital projects fund that satisfies at least one of the conditions specified in subsection 6 of this section, may transfer from the incidental fund to the capital projects fund the amount necessary to meet the obligation plus the transfers pursuant to subsection 4 of this section].

8. Beginning in the 1995-96 school year, the department of elementary and secondary education shall deduct from a school district's state aid calculated pursuant to section 163.031, RSMo, an amount equal to the amount of any transfer of funds from the incidental fund to the capital projects fund performed during the previous year in violation of this section; except that the state aid shall be deducted in equal amounts over the five school years following the school year of an unlawful transfer provided that:

(1) The district shall provide written notice to the state board of education, no later than June first of the first school year following the school year of the unlawful transfer, stating the district's intention to comply with the provisions of subdivisions (1) to (4) of this subsection and have state aid deducted for that unlawful transfer over a five-year period;

(2) On or before September first of the second school year following the school year of the unlawful transfer, the district shall approve an increase to the district's operating levy for school purposes to the greater of: two dollars and seventy-five cents per one hundred dollars assessed valuation or the levy which produces an increase in total state and local revenues, as determined by the department, in comparison to the first school year following the school year of the unlawful transfer which is equal to or greater than the amount of state aid to be deducted pursuant to this subsection each school year for such unlawful transfer, provided that increases required pursuant to this subdivision for subsequent unlawful transfers shall be made in comparison to the latter tax rate described in this subdivision;

(3) During each school year after the school year in which the operating levy is increased pursuant to subdivision (2) of this subsection and in which state aid is deducted pursuant to subdivisions (1) to (4) of this subsection, the district shall maintain an operating levy for school purposes which produces total state and local revenues for the district which are no less than the total state and local revenues produced by the levy required pursuant to subdivision (2) of this subsection;

(4) During each school year state aid is deducted pursuant to subdivisions (1) to (4) of this subsection except for the 1998-99 school year, the district shall maintain compliance with the requirements of section 165.016 without any recourse to waivers or base-year adjustments and without the option to demonstrate compliance based upon the district's fund balances; and

(5) If, in any school year state aid is deducted pursuant to subdivisions (1) to (4) of this subsection, the district fails to comply with any requirement of subdivisions (1) to (4) of this subsection, the full, remaining amount of state aid to be deducted pursuant to this subsection shall be deducted from the district's state aid payments by the department during such school year.

9. On or before June 30, 1999, a school district may transfer to the capital projects fund from the balances of the teachers' and incidental funds any amount, but only to the extent that the amount transferred is equal to or less than the amount that the teachers' and incidental funds' unrestricted balances on June 30, 1995, exceeded eight percent of expenditures from the teachers' and incidental funds for the year ending June 30, 1995.

10. (1) Other provisions of law to the contrary notwithstanding, a school district which satisfies all conditions specified in subdivision (2) of this subsection may make the transfer allowed in subdivision (3) of this subsection.

(2) To make the transfer allowed under subdivision (3) of this subsection, a school district shall:

(a) Have a membership count for school year 1997-98 which is at least sixteen percent greater than the district's membership count for the 1991-92 school year; and

(b) Have passed a full waiver of Proposition C tax rate rollback pursuant to section 164.013, RSMo, or approved an increase to the district's tax rate ceiling on or after June 1, 1994; and

(c) Be in compliance or have paid all penalties required pursuant to section 165.016 for the 1994-95, 1995-96 and 1996-97 school years without waiver or adjustment of the base school year certificated salary percentage; and

(d) After all transfers, have a remaining balance on June 30, 1998, in the combined teachers' and incidental funds which is no less than ten percent of the combined expenditures from those funds for the 1997-98 school year.

(3) A district which satisfies all of the criteria specified in paragraphs (a) to (d) of subdivision (2) of this subsection may, on or before June 30, 1998, make a one-time combined transfer from the teachers' and incidental funds to the capital projects fund of an amount no greater than the sum of the following amounts:

(a) The product of the district's equalized assessed valuation for 1994 times the difference of the district's equalized operating levy for school purposes for 1994 minus the district's equalized operating levy for school purposes for 1993;

(b) The product of the district's equalized assessed valuation for 1995 times the difference of the district's equalized operating levy for school purposes for 1995 minus the district's equalized operating levy for school purposes for 1993;

(c) The product of the district's equalized assessed valuation for 1996 times the difference of the district's equalized operating levy for school purposes for 1996 minus the district's equalized operating levy for school purposes for 1993;

(d) The product of the district's equalized assessed valuation for 1997 times the difference of the district's equalized operating levy for school purposes for 1997 minus the district's equalized operating levy for school purposes for 1993; provided that the remaining balance in the incidental fund shall be no less than twelve percent of the total expenditures during that fiscal year from the

incidental fund.

(4) A district which makes a transfer pursuant to subdivision (3) of this subsection shall be subject to compliance with the requirements of section 165.016 for fiscal years 1999, 2000 and 2001, without the option to request a waiver or an adjustment of the base school year certificated salary percentage.

(5) Other provisions of section 165.016 to the contrary notwithstanding, the transfer of an amount of funds from either the teachers' or incidental funds to the capital projects fund pursuant to subdivision (3) of this subsection shall not be considered an expenditure from the teachers' or incidental fund for the purpose of determining compliance with the provisions of subsections 1 and 2 of section 165.016.

11. In addition to other transfers authorized under subsections 1 to 9 of this section, a district may transfer from the teachers' and incidental funds to the capital projects fund the amount necessary to repay costs of one or more guaranteed energy savings performance contracts to renovate buildings in the school district; provided that the contract is only for energy conservation measures, as defined in section 640.651, RSMo, and provided that the contract specifies that no payment or total of payments shall be required from the school district until at least an equal total amount of energy and energy-related operating savings and payments from the vendor pursuant to the contract have been realized by the school district.

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