

# SENATE BILL NO. 1059

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHROER.

4103S.01H

KRISTINA MARTIN, Secretary

## AN ACT

To repeal sections 163.031, 163.043, 163.044, 165.011, and 165.051, RSMo, and to enact in lieu thereof eight new sections relating to an education intervention task force.

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

Section A. Sections 163.031, 163.043, 163.044, 165.011, and 165.051, RSMo, are repealed and eight new sections enacted in lieu thereof, to be known as sections 162.1400, 162.1401, 162.1402, 163.031, 163.043, 163.044, 165.011, and 165.051, to read as follows:

**162.1400. 1. As used in sections 162.1400 to 162.1402, the following terms mean:**

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

(2) "District in need", a school district placed under the governance of the task force established in this section;

(3) "Educational background", a minimum education of a bachelor's degree in education or a master's degree or doctorate in any academic subject;

(4) "Task force", the Missouri Education Intervention Task Force.

2. (1) The department shall annually provide to the governor a list of the ten school districts that achieved the lowest scores on the annual performance report for the immediately preceding school year, excluding any districts that are under the governance of a special administrative

17 board. The governor may designate any of the ten districts  
18 on the list provided by the department as a district in need.

19 (2) Any school district designated by the governor as  
20 a district in need shall be placed under the governance of  
21 the education intervention task force established in this  
22 section until the governor causes the termination of such  
23 designation pursuant to the provisions of subsection 10 of  
24 this section. Thereafter, any powers and duties formerly  
25 vested in the task force shall immediately revert to the  
26 board of education of the school district for any period of  
27 time for which the task force does not have governance of  
28 such school district.

29 (3) If all ten school districts included on the list  
30 provided by the department are already designated as  
31 districts in need, then no additional districts in need  
32 shall be designated for that year, except that the governor  
33 may cause the reestablishment of a district in need pursuant  
34 to the provisions of subsection 10 of this section.

35 3. The "Missouri Education Intervention Task Force" is  
36 hereby assigned to the department of elementary and  
37 secondary education as if by a type III transfer, as this  
38 term is defined in paragraph (c) of subdivision (1) of  
39 subsection 7 of section 1 of the omnibus state  
40 reorganization act of 1974. The task force shall consist of  
41 five members appointed by the governor with the advice and  
42 consent of the senate. The term of office for each member  
43 of the task force shall be five years, except that of the  
44 initial appointments, one member shall be appointed for one  
45 year, one member shall be appointed for two years, one  
46 member shall be appointed for three years, one member shall  
47 be appointed for four years, and one member shall be

48 appointed for five years. Each member shall meet the  
49 following qualifications:

50 (1) A resident of this state for a period of one year;

51 (2) Four of the five members shall have an educational  
52 background, as such term is defined in this section; and

53 (3) No two members may reside in the same  
54 congressional district.

55 4. The task force's goals shall be to provide academic  
56 and financial oversight to help districts in need ensure  
57 students in the district achieve academic success.

58 5. Members of the task force and their staff shall  
59 receive compensation and shall be reimbursed for actual and  
60 necessary expenses incurred in the performance of their  
61 official duties on behalf of the task force, subject to  
62 appropriations.

63 6. The task force may hire legal counsel and any other  
64 staff necessary to achieve the goals and fulfill the  
65 purposes of the task force, subject to appropriations.

66 7. The task force shall have as its chief  
67 administrative officer an executive director, who shall be  
68 appointed by majority vote of the task force and shall be in  
69 charge of the staff of the task force and responsible for  
70 execution of the powers and duties vested in the task force  
71 pursuant to the provisions of sections 162.1400 to 162.1402.

72 8. A vacancy in the office of a member of the task  
73 force shall be filled by appointment by the governor.

74 9. The governor may remove a task force member for  
75 misconduct, incompetence, or neglect of official duties  
76 after giving the member written notice of the charges and  
77 allowing the member an opportunity to be heard. Members may  
78 also be terminated for change of legal residence by moving  
79 out of the state.

80           10. (1) The governor may cause the termination of the  
81 designation of a school district as a district in need at  
82 any time upon a determination that the task force has  
83 accomplished the purposes for which it was established in  
84 such district and is no longer needed to govern such  
85 district.

86           (2) The governor may cause the reestablishment of a  
87 district in need at any time upon a determination that it is  
88 necessary for a district in need to be reestablished to  
89 achieve the purposes for which the task force was previously  
90 established in such district.

91           (3) The governor shall provide notice to the  
92 department and general assembly of the termination or  
93 reestablishment of the designation of a district in need,  
94 and the termination or reestablishment shall become  
95 effective thirty days following such determination.

96           (4) Upon the termination of a district's designation  
97 as a district in need pursuant to this subsection, nothing  
98 in sections 162.1400 to 162.1402 shall be construed to  
99 reduce or eliminate any power or duty of any school district  
100 or districts containing the territory of the former district  
101 in need unless the designation of district in need is  
102 reestablished by the governor pursuant to this subsection.

103           11. The task force shall keep records of its official  
104 acts, and certified copies of any such records attested by a  
105 designee of the task force shall be received as evidence in  
106 all courts to the same extent as the task force's original  
107 records would be received.

          162.1401. 1. The powers and duties of the task force  
2 shall include the following:

3           (1) Creating an academic accountability plan, taking  
4 corrective action in districts in need, and seeking relief  
5 from state-mandated programs;

6           (2) Exploration of alternative forms of governance for  
7 districts in need;

8           (3) Authority to contract with nonprofit corporations  
9 to provide for the operation of schools in districts in need;

10          (4) Oversight of facility planning, construction,  
11 improvement, repair, maintenance, and rehabilitation in  
12 districts in need;

13          (5) Authority to establish school site councils in  
14 districts in need to facilitate site-based school management  
15 and to improve the responsiveness of the schools to the  
16 needs of the local geographic attendance region of the  
17 school;

18          (6) Oversight of all decisions involving the hiring,  
19 promotion, or termination of employment of teachers and  
20 administrators throughout the district in need; and

21          (7) Oversight of the district in need's use of state  
22 funds as specified in section 162.1402.

23          2. (1) The task force shall develop, implement,  
24 monitor, and evaluate a comprehensive school improvement  
25 plan for each district in need, and such plan shall be  
26 subject to review and approval of the state board of  
27 education. The plan shall ensure that all students meet or  
28 exceed grade-level standards established by the state board  
29 of education pursuant to section 160.514.

30          (2) The task force shall establish student performance  
31 standards consistent with the standards established by the  
32 state board of education pursuant to section 160.514 for  
33 preschool through grade twelve in all skill and subject  
34 areas, subject to review and approval of the state board of

35 education for the purpose of determining whether the  
36 standards are consistent with standards established by the  
37 state board of education pursuant to section 160.514.

38 (3) All students in the district in need who do not  
39 achieve grade-level standards shall be required to attend  
40 summer school, except that the provisions of this  
41 subdivision shall not apply to students receiving special  
42 education services pursuant to sections 162.670 to 162.999.

43 (4) No student shall be promoted to a higher grade  
44 level unless that student has a reading ability at or above  
45 one grade level below the student's grade level, except that  
46 the provisions of this subdivision shall not apply to  
47 students receiving special education services pursuant to  
48 sections 162.670 to 162.999.

49 (5) The task force shall develop, implement, and  
50 annually update a professional development plan for teachers  
51 and other support staff, subject to review and approval of  
52 the state board of education.

53 3. To the extent practicable, the task force shall  
54 ensure that per pupil expenditures and pupil-teacher ratios  
55 shall be the same for all schools serving students at a  
56 given grade level in the same district in need.

57 4. The task force shall ensure that early childhood  
58 education is available throughout the district in need.

59 5. The task force shall ensure that vocational  
60 education instruction is provided within the district in  
61 need.

62 6. The task force shall establish an accountability  
63 officer whose duty shall be to ensure that academically  
64 deficient schools within the district in need are raised to  
65 acceptable condition within two years.

66           7. The task force shall not take any action in  
67 violation of state or federal law, or recommend that  
68 districts in need take any action in violation of state or  
69 federal law.

70           8. The task force shall compile an annual report of  
71 its activities for submission to the governor and the  
72 general assembly. The report shall identify patterns and  
73 commonalities among districts in need that have a  
74 detrimental impact on students' academic achievement and  
75 shall include any recommendations the task force may have  
76 for legislative action.

          162.1402. 1. Notwithstanding any provision of law to  
2 the contrary, a district in need shall not spend or transfer  
3 any state funds without prior authorization from the task  
4 force. The superintendent of a district in need shall apply  
5 to the task force, using forms created by the task force,  
6 for authorization to spend or transfer any state funds  
7 pursuant to the provisions of chapters 163 and 165.

8           2. (1) Within ten business days of receiving a  
9 request from a district in need to spend or transfer state  
10 funds, the task force shall decide by a majority vote  
11 whether to approve or deny such request.

12           (2) If the request is denied, the task force shall  
13 provide a written explanation of the grounds for the denial  
14 and shall provide additional guidance relating to the  
15 district in need's use of state funds.

16           (3) If the request is approved, the task force shall  
17 provide written notification of the approval and may provide  
18 additional guidance relating to the use of state funds, and  
19 the district in need may spend or transfer state funds as  
20 authorized by the task force.

21           3. The task force may request additional information  
22 or documentation from a district in need prior to voting on  
23 whether to approve or deny a request to spend or transfer  
24 state funds, provided that:

25           (1) The task force shall make any request for  
26 additional information or documentation in writing within  
27 ten business days of receiving a district in need's request  
28 to spend or transfer state funds;

29           (2) The task force's request for additional  
30 information or documentation shall be accompanied by a  
31 written explanation of why such information or documentation  
32 is necessary for the task force to make an informed decision  
33 on the district in need's request to spend or transfer state  
34 funds;

35           (3) Upon receiving all requested information or  
36 documentation from the district in need, the task force  
37 shall vote on the district's request to spend or transfer  
38 state funds within ten business days; and

39           (4) A district in need's failure to provide additional  
40 information or documentation pursuant to this subsection  
41 shall be considered sufficient grounds for denying such  
42 district in need's request to spend or transfer state funds.

43           4. Nothing in this section shall be construed to  
44 authorize the task force or a district in need to spend or  
45 transfer state funds in violation of state or federal law.

163.031. 1. The department of elementary and  
2 secondary education shall calculate and distribute to each  
3 school district qualified to receive state aid under section  
4 163.021 an amount determined by multiplying the district's  
5 weighted average daily attendance by the state adequacy  
6 target, multiplying this product by the dollar value  
7 modifier for the district, and subtracting from this product



8 the district's local effort and subtracting payments from  
9 the classroom trust fund under section 163.043.

10 2. Other provisions of law to the contrary  
11 notwithstanding:

12 (1) For districts with an average daily attendance of  
13 more than three hundred fifty in the school year preceding  
14 the payment year:

15 (a) For the 2008-09 school year, the state revenue per  
16 weighted average daily attendance received by a district  
17 from the state aid calculation under subsections 1 and 4 of  
18 this section, as applicable, and the classroom trust fund  
19 under section 163.043 shall not be less than the state  
20 revenue received by a district in the 2005-06 school year  
21 from the foundation formula, line 14, gifted, remedial  
22 reading, exceptional pupil aid, fair share, and free  
23 textbook payment amounts multiplied by the dollar value  
24 modifier, and dividing this product by the weighted average  
25 daily attendance computed for the 2005-06 school year;

26 (b) For each year subsequent to the 2008-09 school  
27 year, the amount shall be no less than that computed in  
28 paragraph (a) of this subdivision, multiplied by the  
29 weighted average daily attendance pursuant to section  
30 163.036, less any increase in revenue received from the  
31 classroom trust fund under section 163.043;

32 (2) For districts with an average daily attendance of  
33 three hundred fifty or less in the school year preceding the  
34 payment year:

35 (a) For the 2008-09 school year, the state revenue  
36 received by a district from the state aid calculation under  
37 subsections 1 and 4 of this section, as applicable, and the  
38 classroom trust fund under section 163.043 shall not be less  
39 than the greater of state revenue received by a district in

40 the 2004-05 or 2005-06 school year from the foundation  
41 formula, line 14, gifted, remedial reading, exceptional  
42 pupil aid, fair share, and free textbook payment amounts  
43 multiplied by the dollar value modifier;

44 (b) For each year subsequent to the 2008-09 school  
45 year, the amount shall be no less than that computed in  
46 paragraph (a) of this subdivision;

47 (3) The department of elementary and secondary  
48 education shall make an addition in the payment amount  
49 specified in subsection 1 of this section to assure  
50 compliance with the provisions contained in this subsection.

51 3. School districts that meet the requirements of  
52 section 163.021 shall receive categorical add-on revenue as  
53 provided in this subsection. The categorical add-on for the  
54 district shall be the sum of: seventy-five percent of the  
55 district allowable transportation costs under section  
56 163.161; the career ladder entitlement for the district, as  
57 provided for in sections 168.500 to 168.515; the vocational  
58 education entitlement for the district, as provided for in  
59 section 167.332; and the district educational and screening  
60 program entitlements as provided for in sections 178.691 to  
61 178.699. The categorical add-on revenue amounts may be  
62 adjusted to accommodate available appropriations.

63 4. For any school district meeting the eligibility  
64 criteria for state aid as established in section 163.021,  
65 but which is considered an option district under section  
66 163.042 and therefore receives no state aid, the  
67 commissioner of education shall present a plan to the  
68 superintendent of the school district for the waiver of  
69 rules and the duration of said waivers, in order to promote  
70 flexibility in the operations of the district and to enhance

71 and encourage efficiency in the delivery of instructional  
72 services as provided in section 163.042.

73         5. (1) No less than seventy-five percent of the state  
74 revenue received under the provisions of subsections 1 and 2  
75 of this section shall be placed in the teachers' fund, and  
76 the remaining percent of such moneys shall be placed in the  
77 incidental fund. No less than seventy-five percent of one-  
78 half of the funds received from the school district trust  
79 fund distributed under section 163.087 shall be placed in  
80 the teachers' fund. One hundred percent of revenue received  
81 under the provisions of section 163.161 shall be placed in  
82 the incidental fund. One hundred percent of revenue  
83 received under the provisions of sections 168.500 to 168.515  
84 shall be placed in the teachers' fund.

85         (2) A school district shall spend for certificated  
86 compensation and tuition expenditures each year:

87         (a) An amount equal to at least seventy-five percent  
88 of the state revenue received under the provisions of  
89 subsections 1 and 2 of this section;

90         (b) An amount equal to at least seventy-five percent  
91 of one-half of the funds received from the school district  
92 trust fund distributed under section 163.087 during the  
93 preceding school year; and

94         (c) Beginning in fiscal year 2008, as much as was  
95 spent per the second preceding year's weighted average daily  
96 attendance for certificated compensation and tuition  
97 expenditures the previous year from revenue produced by  
98 local and county tax sources in the teachers' fund, plus the  
99 amount of the incidental fund to teachers' fund transfer  
100 calculated to be local and county tax sources by dividing  
101 local and county tax sources in the incidental fund by total  
102 revenue in the incidental fund.

103 In the event a district fails to comply with this provision,  
104 the amount by which the district fails to spend funds as  
105 provided herein shall be deducted from the district's state  
106 revenue received under the provisions of subsections 1 and 2  
107 of this section for the following year, provided that the  
108 state board of education may exempt a school district from  
109 this provision if the state board of education determines  
110 that circumstances warrant such exemption.

111 6. (1) If a school district's annual audit discloses  
112 that students were inappropriately identified as eligible  
113 for free and reduced price lunch, special education, or  
114 limited English proficiency and the district does not  
115 resolve the audit finding, the department of elementary and  
116 secondary education shall require that the amount of aid  
117 paid pursuant to the weighting for free and reduced price  
118 lunch, special education, or limited English proficiency in  
119 the weighted average daily attendance on the inappropriately  
120 identified pupils be repaid by the district in the next  
121 school year and shall additionally impose a penalty of one  
122 hundred percent of such aid paid on such pupils, which  
123 penalty shall also be paid within the next school year.  
124 Such amounts may be repaid by the district through the  
125 withholding of the amount of state aid.

126 (2) In the 2017-18 school year and in each subsequent  
127 school year, if a district experiences a decrease in its  
128 gifted program enrollment of twenty percent or more from the  
129 previous school year, an amount equal to the product of the  
130 difference between the number of students enrolled in the  
131 gifted program in the current school year and the number of  
132 students enrolled in the gifted program in the previous  
133 school year multiplied by six hundred eighty dollars shall  
134 be subtracted from the district's current year payment

135 amount. The provisions of this subdivision shall apply to  
136 districts entitled to receive state aid payments under both  
137 subsections 1 and 2 of this section but shall not apply to  
138 any school district with an average daily attendance of  
139 three hundred fifty or less.

140 7. Notwithstanding any provision of law to the  
141 contrary, in any fiscal year during which the total formula  
142 appropriation is insufficient to fully fund the entitlement  
143 calculation of this section, the department of elementary  
144 and secondary education shall adjust the state adequacy  
145 target in order to accommodate the appropriation level for  
146 the given fiscal year. In no manner shall any payment  
147 modification be rendered for any district qualified to  
148 receive payments under subsection 2 of this section based on  
149 insufficient appropriations.

150 8. Notwithstanding any provision of law to the  
151 contrary, school districts that receive revenue from the tax  
152 authorized under sections 148.030, 148.140, 148.620, and  
153 148.720 shall, beginning January 1, 2020, and every January  
154 first thereafter, report the amount of said revenue received  
155 by the district to the department. The department shall,  
156 based on the data submitted by the district, determine the  
157 total amount of revenue the district would have received  
158 from the tax authorized under sections 148.030, 148.140,  
159 148.620, and 148.720 absent the provisions of section  
160 148.720, and remit the following amount to each applicable  
161 district not less than thirty days after the conclusion of  
162 each calendar year. The amount remitted to each district  
163 shall be the total of the revenue received by the district  
164 from the tax authorized under sections 148.030, 148.140,  
165 148.620, and 148.720 during the applicable calendar year  
166 times one and five thousand six hundred twenty-five ten

167 thousandths minus the total of the revenue received by the  
168 district from the tax authorized under sections 148.030,  
169 148.140, 148.620, and 148.720 during the same calendar  
170 year. This payment shall be in addition to payments  
171 authorized under subsections 1, 2, and 7 of this section and  
172 shall be made from the annual appropriation to fund this  
173 section.

174 **9. Nothing in this section shall be construed to**  
175 **authorize a district in need, as such term is defined in**  
176 **section 162.1400, to spend or transfer any state funds**  
177 **except as authorized pursuant to the provisions of section**  
178 **162.1402.**

163.043. 1. For fiscal year 2007 and each subsequent  
2 fiscal year, the "Classroom Trust Fund", which is hereby  
3 created in the state treasury, shall be distributed by the  
4 state board of education to each school district in this  
5 state qualified to receive state aid pursuant to section  
6 163.021 on an average daily attendance basis.

7 2. The moneys distributed pursuant to this section  
8 shall be spent at the discretion of the local school  
9 district. The moneys may be used by the district for:

10 (1) Teacher recruitment, retention, salaries, or  
11 professional development;

12 (2) School construction, renovation, or leasing;

13 (3) Technology enhancements or textbooks or  
14 instructional materials;

15 (4) School safety; or

16 (5) Supplying additional funding for required  
17 programs, both state and federal.

18 3. The classroom trust fund shall consist of all  
19 moneys transferred to it under section 160.534, all moneys  
20 otherwise appropriated or donated to it, and,

21 notwithstanding any other provision of law to the contrary,  
22 all unclaimed lottery prize money.

23 4. The provisions of this section shall not apply to  
24 any option district as defined in section 163.042.

25 5. For the 2010-11 school year and for each subsequent  
26 year, all proceeds a school district receives from the  
27 classroom trust fund in excess of the amount the district  
28 received from the classroom trust fund in the 2009-10 school  
29 year shall be placed to the credit of the district's  
30 teachers' and incidental funds.

31 **6. Nothing in this section shall be construed to**  
32 **authorize a district in need, as such term is defined in**  
33 **section 162.1400, to spend or transfer any state funds**  
34 **except as authorized pursuant to the provisions of section**  
35 **162.1402.**

163.044. 1. Beginning with the 2007 fiscal year and  
2 each subsequent fiscal year, the general assembly shall  
3 appropriate fifteen million dollars to be directed in the  
4 following manner to school districts with an average daily  
5 attendance of three hundred fifty students or less in the  
6 school year preceding the payment year:

7 (1) Ten million dollars shall be distributed to the  
8 eligible districts in proportion to their average daily  
9 attendance; and

10 (2) Five million dollars shall be directed to the  
11 eligible districts that have an operating levy for school  
12 purposes in the current year equal to or greater than the  
13 performance levy and any school districts which have an  
14 operating levy for school purposes in the current year less  
15 than the performance levy solely due to a modification of  
16 such district's levy required under subdivision (4) of  
17 subsection 5 of section 137.073. A tax-rate-weighted

18 average daily attendance shall be calculated for each  
19 eligible district in proportion to its operating levy for  
20 school purposes for the current year divided by the  
21 performance levy with that result multiplied by the  
22 district's average daily attendance in the school year  
23 preceding the payment year. The total appropriation  
24 pursuant to this subdivision shall then be divided by the  
25 sum of the tax-rate-weighted average daily attendance of the  
26 eligible districts, and the resulting amount per tax-rate-  
27 weighted average daily attendance shall be multiplied by  
28 each eligible district's tax-rate-weighted average daily  
29 attendance to determine the amount to be paid to each  
30 eligible district.

31 2. The payment under this section shall not be  
32 transferred to the capital projects fund.

33 3. Except as provided in subsection 2 of this section,  
34 districts receiving payments under this section may use the  
35 moneys for, including but not limited to, the following:

- 36 (1) Distance learning;  
37 (2) Extraordinary transportation costs;  
38 (3) Rural teacher recruitment; and  
39 (4) Student learning opportunities not available  
40 within the district.

41 **4. Nothing in this section shall be construed to**  
42 **authorize a district in need, as such term is defined in**  
43 **section 162.1400, to spend or transfer any state funds**  
44 **except as authorized pursuant to the provisions of section**  
45 **162.1402.**

165.011. 1. The following funds are created for the  
2 accounting of all school moneys: "Teachers' Fund",  
3 "Incidental Fund", "Capital Projects Fund" and "Debt Service  
4 Fund". The treasurer of the school district shall open an



5 account for each fund specified in this section, and all  
6 moneys received from the county school fund and all moneys  
7 derived from taxation for teachers' wages shall be placed to  
8 the credit of the teachers' fund. All tuition fees, state  
9 moneys received under section 163.031, and all other moneys  
10 received from the state except as herein provided shall be  
11 placed to the credit of the teachers' and incidental funds  
12 at the discretion of the district board of education, except  
13 as provided in subsection 5 of section 163.031. Money  
14 received from other districts for transportation and money  
15 derived from taxation for incidental expenses shall be  
16 credited to the incidental fund. All money derived from  
17 taxation or received from any other source for the erection  
18 of buildings or additions thereto and the remodeling or  
19 reconstruction of buildings and the furnishing thereof, for  
20 the payment of lease-purchase obligations, for the purchase  
21 of real estate, or from sale of real estate, schoolhouses or  
22 other buildings of any kind, or school furniture, from  
23 insurance, from sale of bonds other than refunding bonds  
24 shall be placed to the credit of the capital projects fund.  
25 All moneys derived from the sale or lease of sites,  
26 buildings, facilities, furnishings, and equipment by a  
27 school district as authorized under section 177.088 shall be  
28 credited to the capital projects fund. Money derived from  
29 taxation for the retirement of bonds and the payment of  
30 interest thereon shall be credited to the debt service fund,  
31 which shall be maintained as a separate bank account.  
32 Receipts from delinquent taxes shall be allocated to the  
33 several funds on the same basis as receipts from current  
34 taxes, except that where the previous years' obligations of  
35 the district would be affected by such distribution, the  
36 delinquent taxes shall be distributed according to the tax

37 levies made for the years in which the obligations were  
38 incurred. All refunds received shall be placed to the  
39 credit of the fund from which the original expenditures were  
40 made. Money donated to the school districts shall be placed  
41 to the credit of the fund where it can be expended to meet  
42 the purpose for which it was donated and accepted. Money  
43 received from any other source whatsoever shall be placed to  
44 the credit of the fund or funds designated by the board.

45 2. The school board may transfer any portion of the  
46 unrestricted balance remaining in the incidental fund to the  
47 teachers' fund. Any district that uses an incidental fund  
48 transfer to pay for more than twenty-five percent of the  
49 annual certificated compensation obligation of the district  
50 and has an incidental fund balance on June thirtieth in any  
51 year in excess of fifty percent of the combined incidental  
52 teachers' fund expenditures for the fiscal year just ended  
53 shall be required to transfer the excess from the incidental  
54 fund to the teachers' fund. If a balance remains in the  
55 debt service fund, after the total outstanding indebtedness  
56 for which the fund was levied is paid, the board may  
57 transfer the unexpended balance to the capital projects  
58 fund. If a balance remains in the bond proceeds after  
59 completion of the project for which the bonds were issued,  
60 the balance shall be transferred from the incidental or  
61 capital projects fund to the debt service fund. After  
62 making all placements of interest otherwise provided by law,  
63 a school district may transfer from the capital projects  
64 fund to the incidental fund the interest earned from  
65 undesignated balances in the capital projects fund. A  
66 school district may borrow from one of the following funds:  
67 teachers' fund, incidental fund, or capital projects fund,  
68 as necessary to meet obligations in another of those funds;

69 provided that the full amount is repaid to the lending fund  
70 within the same fiscal year.

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

74 4. Other provisions of law to the contrary  
75 notwithstanding, the school board of a school district that  
76 meets the provisions of subsection 5 of section 163.031 may  
77 transfer from the incidental fund to the capital projects  
78 fund the sum of:

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

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

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

88 (4) The amount necessary to repay costs of one or more  
89 guaranteed energy savings performance contracts to renovate  
90 buildings in the school district, provided that the contract  
91 is only for energy conservation measures as defined in  
92 section 640.651 and provided that the contract specifies  
93 that no payment or total of payments shall be required from  
94 the school district until at least an equal total amount of  
95 energy and energy-related operating savings and payments  
96 from the vendor pursuant to the contract have been realized  
97 by the school district; plus

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

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

101           (b) Seven percent of the state adequacy target  
102 multiplied by the district's weighted average daily  
103 attendance,

104 provided that transfer amounts in excess of current year  
105 obligations of the capital projects fund authorized under  
106 this subdivision may be transferred only by a resolution of  
107 the school board approved by a majority of the board members  
108 in office when the resolution is voted on and identifying  
109 the specific capital projects to be funded directly by the  
110 district by the transferred funds and an estimated  
111 expenditure date.

112           5. Beginning in the 2006-07 school year, a district  
113 meeting the provisions of subsection 5 of section 163.031  
114 and not making the transfer under subdivision (5) of  
115 subsection 4 of this section, nor making payments or  
116 expenditures related to obligations made under section  
117 177.088 may transfer from the incidental fund to the debt  
118 service fund or the capital projects fund the greater of:

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

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

128           6. Beginning in the 2006-07 school year, the  
129 department of elementary and secondary education shall  
130 deduct from a school district's state aid calculated  
131 pursuant to section 163.031 an amount equal to the amount of

132 any transfer of funds from the incidental fund to the  
133 capital projects fund or debt service fund performed during  
134 the previous year in violation of this section; except that  
135 the state aid shall be deducted over no more than five  
136 school years following the school year of an unlawful  
137 transfer based on a plan from the district approved by the  
138 commissioner of elementary and secondary education.

139       7. A school district may transfer unrestricted funds  
140 from the capital projects fund to the incidental fund in any  
141 year to avoid becoming financially stressed as defined in  
142 subsection 1 of section 161.520. If on June thirtieth of  
143 any fiscal year the sum of unrestricted balances in a school  
144 district's incidental fund and teacher's fund is less than  
145 twenty percent of the sum of the school district's  
146 expenditures from those funds for the fiscal year ending on  
147 that June thirtieth, the school district may, during the  
148 next succeeding fiscal year, transfer to its incidental fund  
149 an amount up to and including the amount of the unrestricted  
150 balance in its capital projects fund on that June  
151 thirtieth. For purposes of this subsection, in addition to  
152 any other restrictions that may apply to funds in the school  
153 district's capital projects fund, any funds that are derived  
154 from the proceeds of one or more general obligation bond  
155 issues shall be considered restricted funds and shall not be  
156 transferred to the school district's incidental fund.

157       **8. Nothing in this section shall be construed to**  
158 **authorize a district in need, as such term is defined in**  
159 **section 162.1400, to spend or transfer any state funds**  
160 **except as authorized pursuant to the provisions of section**  
161 **162.1402.**

165.051. If any school district has money in the  
2 teachers', incidental, capital projects or debt service fund

3 not needed within a reasonable period of time for the  
4 purpose for which the money was received, the school board  
5 in the district, if it deems it advisable, may invest the  
6 funds in either open time deposits or certificates of  
7 deposit secured under the provisions of sections 110.010 and  
8 110.020; or in bonds, redeemable at maturity at par, of the  
9 state of Missouri, of the United States, or of any wholly  
10 owned corporation of the United States; or in other short  
11 term obligations of the United States, or in any instrument  
12 permitted by law for the investment of state moneys. No  
13 open time deposits shall be made or bonds purchased to  
14 mature beyond the date that the funds are needed for the  
15 purpose for which they were received by the school  
16 district. Interest accruing from the investment of the  
17 surplus funds in such deposits or bonds shall be credited to  
18 the fund from which the money was invested. **Nothing in this**  
19 **section shall be construed to authorize a district in need,**  
20 **as such term is defined in section 162.1400, to spend or**  
21 **transfer any state funds except as authorized pursuant to**  
22 **the provisions of section 162.1402.**

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