# Rules of
Department of Elementary and Secondary Education
Division 30—Division of School Services
Chapter 640—School Buildings

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Title 5—DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
Division 30—Division of School Services
Chapter 640—School Buildings

5 CSR 30-640.010 School Building Revolving Fund

PURPOSE: This rule establishes the guidelines for operation of the School Building Revolving Fund.

(1) Program. Such moneys as may be appropriated by law shall be deposited into the School Building Revolving Fund. After a fund balance has been established by prior years' deposits and interest, school districts may submit requests for loans and grants from the revolving fund for specific projects consistent with the rules and regulations of the state board of education.

(2) Eligibility. 
(A) To be eligible for loans or grants authorized by this section—
1. A school district shall meet the minimum criteria for state aid and for increases in state aid established pursuant to section 163.021, RSMo, or have received a waiver of rules from the commissioner of education and/or the state board of education;
2. A school district shall provide a program which is accredited by the state board of education for grades kindergarten through twelve (K-12);
3. A school district shall not incur a total debt, including short-term debt and bonded indebtedness in excess of ten percent (10%) of the guaranteed tax base for the current payment year multiplied by the number of eligible pupils in the district in the preceding year;
4. Long-range capital improvements plans must be for a minimum of five (5) years and can be locally developed or developed by an architect or engineer as the case may be. The plan must be approved by the local board of education of the applying district;
5. All specific projects for construction of buildings, additions to buildings, and renovation or remodeling of buildings must comply with national, state, and local building codes as well as the Americans with Disabilities Act requirements;
6. All specific projects including the architectural and engineering drawings, specifications and estimates, plats and surveys must be prepared and signed by a currently registered architect, engineer or land surveyor, as the case may require;
7. Specific project applications for loans or grants must be for expenditures for lands or existing buildings, improvements of grounds, construction of buildings, additions to buildings, remodeling or renovation of buildings, improvements to facility accessibility, initial equipment purchases, and refinancing of outstanding general obligation bonds;
8. Specific projects for a school facility shall not include buildings dedicated primarily to administrative and support functions within the school district;
9. The building, complex, or facility identified in a specific project must have a useful life and an expected current operational life greater than the loan repayment period;
10. The school district shall not have any outstanding loan payments or late payment fees from previous loans made by the department;
11. A school district may not have more than two (2) active loans or grants with the department.

(3) Application Cycle. (a) Application(s) information, including opening and closing dates, allocation amounts and interest rates, will be published in the In Education section of the Missouri Register, in the commissioner of education's newsletter and/or by direct mailing.

(4) Application. (A) Application for loans or grants for specific projects will be made on a department-approved application form. Architectural or engineering drawings, plans, and specifications must accompany the application or be on file with the department.

(B) School districts seeking loan or grant funds must have received the approval of two-thirds (2/3) of the local board of education on the district's proposed loan or grant application. Applications for loan or grant funds must be signed by the local school board president. (C) Applications received late will be returned to the school district.

(5) Review. (A) Applications received before the application cycle deadline will be reviewed for completeness by the department on a first-come, first-serve basis.

(B) Applications which are incomplete prior to awarding loans or grants will, at the request of the school district, be held over to the next application cycle and be reviewed in chronological order of receipt during subsequent cycles.

(C) Incomplete applications will be returned.

(6) Selection. (A) Complete applications will be reviewed for loan or grant funding under the provisions of sections 166.300, RSMo.

(B) Applications that are reviewed but not selected for funding will, at the request of the school district, be held over to the next application cycle to be considered for funding.

(C) The department may withhold funding an application if a school district is financially stressed.

(D) If the balance in the School Building Revolving Fund is insufficient to fund approved project plans for capital improvements, applications shall be funded based upon priority ranking. Ranking of the projects shall be based upon the following variables:
1. A rating of provisionally accredited or unaccredited as determined by the state board of education pursuant to section 161.992, RSMo, based upon the condition and adequacy of facilities pursuant to sections 163.023 and 163.022 RSMo;
2. Building destruction due to fire or natural disaster;
3. Age and/or condition of facility;
4. Equalized assessed valuation per eligible pupil;
5. Increasing enrollment.

(E) Priority ranking of loan or grant applications will consider the following:
1. Building destruction;
2. Equalized assessed valuation per pupil enrolled;
3. Increasing enrollment and lowered in accreditation;
4. Age and condition of facility and lowered in accreditation;
5. Age and condition of facility and not lowered in accreditation;
6. Increasing enrollment and not lowered in accreditation;
7. Current bonding capacity;
8. Current tax rate;
9. Size, scope, and educational merit of the proposed project;
10. Project permits long-term savings in operating costs.

(F) Other factors to be considered include:
1. Equalized assessed valuation per pupil enrolled;
2. Current bonding capacity,
3. Current tax rate;
4. Size, scope, and educational merit of the proposed project;
5. Project permits long-term savings in operating costs.

(7) Funding. (A) A school district issued a loan or grant by the department will receive a loan or grant agreement identifying the specific project, approved measures, loan or grant amount, and
loan or grant terms. The loan or grant agreement will be effective upon the authorization of the commissioner of education and the school board president with approval of two-thirds (2/3) of the school board by vote.

1. Funds may be drawn against the loan principle amount during the period the loan agreement is in effect, provided there are no past due payments or late payment fees due on existing loans with the department.

2. All equipment and material purchased with loan or grant funds will become the property of the school district.

3. Advance payments by the department to the district are not allowed.

4. Payments to a school district may be withheld if the district is in noncompliance with department laws, rules, regulations, and policies.

5. In-kind costs will be ineligible as loan project costs.

6. Project costs other than design expenses incurred prior to the loan application date are ineligible.

(B) Loans may not be increased to cover cost overruns.

(C) The department may charge interest on loans. Interest rates will be established at the beginning of each application cycle and remain fixed for the length of the loan.

(D) The department will not issue a loan for less than fifty thousand dollars ($50,000) for any specific project.

(E) In each funding cycle, seventy-five percent (75%) of available funds will be for loans and twenty-five percent (25%) of available funds will be for grants.

(F) An applying district may not receive more than fifty percent (50%) of available funds for specific projects during any single funding cycle.

(B) Funds may not be transferred between buildings or specific projects within a single loan agreement without prior approval by the department.

10. Revisions.

(A) All revisions must be approved by the department prior to implementation. The department’s School Building Services Section should be contacted if there is any question as to what changes constitute a revision.

(B) A revision that has not received prior approval from the department may have expended funds for the specific project due immediately and any remaining funds withheld.

11. Loan Repayment.

(A) All loan payments (principal and interest) will be made in semiannual payments on February 1 and August 1 of each year until the loan is repaid. The maximum loan payment length of terms is ten (10) years. Any school district failing to make scheduled payments will be subject to having the district’s state aid payments withheld from the district and transferred to the School Building Revolving Fund to pay the outstanding loan.

(B) Any payment over thirty (30) days past due will be subject to a late payment fee penalty as identified in the promissory note.

(C) The loan may be prepaid at any time without penalty.

(D) A loan will be deemed immediately due in full if funds have been expended for purposes other than those specified in the duly authorized loan agreement.

(E) A loan will be deemed immediately due in full if the building, facility, or complex in which specific projects funded under the School Building Revolving Fund Program is sold prior to the repayment of the loan or if the district is lapsed.

12. Loan Recipient Responsibilities.

(A) The school district will retain all loan or grant documents and all internal records directly related to the loan or grant project from the date the loan or grant is executed to three (3) years after the loan has been repaid.

(B) All approved specific projects are considered by the department as construction projects. The school district will comply with all loan agreement terms and applicable state regulations covering the design, acquisition, and installation of approved specific projects, including sections 177.066, 290.210—290.340 and 327.421, RSMo.

(C) The school district will comply with the department’s reporting requirements.

(D) Within thirty (30) days after the completion of specific projects, the school district will submit to the department a final report in the format stated in the loan or grant agreement. Failure to submit a final report may result in all funds drawn against the agreement to be deemed immediately due in full.

(E) The school district will, within thirty (30) days of receipt of the promissory note, return it to the department properly executed. If the promissory note is not returned, all funds received by the school district will be deemed immediately due in full.

(F) Specific project activities involving construction, improvement of grounds, additions to buildings, remodeling or renovation, expenditures for land or equipment must begin within one (1) year from the date the application is approved.


(A) The department or its designee may perform on-site monitoring, and audit and/or inspect records relating to any loan or grant from the date of loan or grant approval to date of loan retirement.

(B) The department may collect information from a school district prior to the project being completed.

(C) The department reserves the right to examine any loan or grant that has been retired if reasonable cause is furnished.


*Original authority 1990.