

FIRST REGULAR SESSION

# HOUSE BILL NO. 558

98TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE BAHR.

1049H.011

D. ADAM CRUMBLISS, Chief Clerk

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## AN ACT

To repeal section 163.031 as enacted by house bill no. 1689, ninety-seventh general assembly, second regular session and section 163.031 as enacted by senate bill no. 291, ninety-fifth general assembly, first regular session, and to enact in lieu thereof one new section relating to hold-harmless payments in state aid for schools.

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

Section A. Section 163.031 as enacted by house bill no. 1689, ninety-seventh general  
2 assembly, second regular session and section 163.031 as enacted by senate bill no. 291, ninety-  
3 fifth general assembly, first regular session, RSMo, are repealed and one new section enacted  
4 in lieu thereof, to be known as section 163.031, to read as follows:

163.031. 1. The department of elementary and secondary education shall calculate and  
2 distribute to each school district qualified to receive state aid under section 163.021 an amount  
3 determined by multiplying the district's weighted average daily attendance by the state adequacy  
4 target, multiplying this product by the dollar value modifier for the district, and subtracting from  
5 this product the district's local effort and, in years not governed under subsection 4 of this  
6 section, subtracting payments from the classroom trust fund under section 163.043.

7 2. Other provisions of law to the contrary notwithstanding:

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

10 (a) For the 2006-07 school year, the state revenue per weighted average daily attendance  
11 received by a district from the state aid calculation under subsections 1 and 4 of this section, as  
12 applicable, and the classroom trust fund under section 163.043 shall not be less than the state  
13 revenue received by a district in the 2005-06 school year from the foundation formula, line 14,

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.

14 gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts  
15 multiplied by the sum of one plus the product of one-third multiplied by the remainder of the  
16 dollar value modifier minus one, and dividing this product by the weighted average daily  
17 attendance computed for the 2005-06 school year;

18 (b) For the 2007-08 school year, the state revenue per weighted average daily attendance  
19 received by a district from the state aid calculation under subsections 1 and 4 of this section, as  
20 applicable, and the classroom trust fund under section 163.043 shall not be less than the state  
21 revenue received by a district in the 2005-06 school year from the foundation formula, line 14,  
22 gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts  
23 multiplied by the sum of one plus the product of two-thirds multiplied by the remainder of the  
24 dollar value modifier minus one, and dividing this product by the weighted average daily  
25 attendance computed for the 2005-06 school year;

26 (c) For the 2008-09 school year, the state revenue per weighted average daily attendance  
27 received by a district from the state aid calculation under subsections 1 and 4 of this section, as  
28 applicable, and the classroom trust fund under section 163.043 shall not be less than the state  
29 revenue received by a district in the 2005-06 school year from the foundation formula, line 14,  
30 gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts  
31 multiplied by the dollar value modifier, and dividing this product by the weighted average daily  
32 attendance computed for the 2005-06 school year;

33 (d) For each year subsequent to the 2008-09 school year **until phased out under**  
34 **subsection 9 of this section**, the amount shall be no less than that computed in paragraph (c) of  
35 this subdivision, multiplied by the weighted average daily attendance pursuant to section  
36 163.036, less any increase in revenue received from the classroom trust fund under section  
37 163.043;

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

40 (a) For the 2006-07 school year, the state revenue received by a district from the state  
41 aid calculation under subsections 1 and 4 of this section, as applicable, and the classroom trust  
42 fund under section 163.043 shall not be less than the greater of state revenue received by a  
43 district in the 2004-05 or 2005-06 school year from the foundation formula, line 14, gifted,  
44 remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts  
45 multiplied by the sum of one plus the product of one-third multiplied by the remainder of the  
46 dollar value modifier minus one;

47 (b) For the 2007-08 school year, the state revenue received by a district from the state  
48 aid calculation under subsections 1 and 4 of this section, as applicable, and the classroom trust  
49 fund under section 163.043 shall not be less than the greater of state revenue received by a

50 district in the 2004-05 or 2005-06 school year from the foundation formula, line 14, gifted,  
51 remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts  
52 multiplied by the sum of one plus the product of two-thirds multiplied by the remainder of the  
53 dollar value modifier minus one;

54 (c) For the 2008-09 school year, the state revenue received by a district from the state  
55 aid calculation under subsections 1 and 4 of this section, as applicable, and the classroom trust  
56 fund under section 163.043 shall not be less than the greater of state revenue received by a  
57 district in the 2004-05 or 2005-06 school year from the foundation formula, line 14, gifted,  
58 remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts  
59 multiplied by the dollar value modifier;

60 (d) For each year subsequent to the 2008-09 school year **until phased out under**  
61 **subsection 9 of this section**, the amount shall be no less than that computed in paragraph (c) of  
62 this subdivision;

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

66 3. School districts that meet the requirements of section 163.021 shall receive categorical  
67 add-on revenue as provided in this subsection. The categorical add-on for the district shall be  
68 the sum of: seventy-five percent of the district allowable transportation costs under section  
69 163.161; the career ladder entitlement for the district, as provided for in sections 168.500 to  
70 168.515; the vocational education entitlement for the district, as provided for in section 167.332;  
71 and the district educational and screening program entitlements as provided for in sections  
72 178.691 to 178.699. The categorical add-on revenue amounts may be adjusted to accommodate  
73 available appropriations.

74 4. In the 2006-07 school year and each school year thereafter for five years, those  
75 districts entitled to receive state aid under the provisions of subsection 1 of this section shall  
76 receive state aid in an amount as provided in this subsection.

77 (1) For the 2006-07 school year, the amount shall be fifteen percent of the amount of  
78 state aid calculated for the district for the 2006-07 school year under the provisions of subsection  
79 1 of this section, plus eighty-five percent of the total amount of state revenue received by the  
80 district for the 2005-06 school year from the foundation formula, line 14, gifted, remedial  
81 reading, exceptional pupil aid, fair share, and free textbook payments less any amounts received  
82 under section 163.043.

83 (2) For the 2007-08 school year, the amount shall be thirty percent of the amount of state  
84 aid calculated for the district for the 2007-08 school year under the provisions of subsection 1  
85 of this section, plus seventy percent of the total amount of state revenue received by the district

86 for the 2005-06 school year from the foundation formula, line 14, gifted, remedial reading,  
87 exceptional pupil aid, fair share, and free textbook payments less any amounts received under  
88 section 163.043.

89 (3) For the 2008-09 school year, the amount of state aid shall be forty-four percent of the  
90 amount of state aid calculated for the district for the 2008-09 school year under the provisions  
91 of subsection 1 of this section plus fifty-six percent of the total amount of state revenue received  
92 by the district for the 2005-06 school year from the foundation formula, line 14, gifted, remedial  
93 reading, exceptional pupil aid, fair share, and free textbook payments less any amounts received  
94 under section 163.043.

95 (4) For the 2009-10 school year, the amount of state aid shall be fifty-eight percent of  
96 the amount of state aid calculated for the district for the 2009-10 school year under the provisions  
97 of subsection 1 of this section plus forty-two percent of the total amount of state revenue  
98 received by the district for the 2005-06 school year from the foundation formula, line 14, gifted,  
99 remedial reading, exceptional pupil aid, fair share, and free textbook payments less any amounts  
100 received under section 163.043.

101 (5) For the 2010-11 school year, the amount of state aid shall be seventy-two percent of  
102 the amount of state aid calculated for the district for the 2010-11 school year under the provisions  
103 of subsection 1 of this section plus twenty-eight percent of the total amount of state revenue  
104 received by the district for the 2005-06 school year from the foundation formula, line 14, gifted,  
105 remedial reading, exceptional pupil aid, fair share, and free textbook payments less any amounts  
106 received under section 163.043.

107 (6) For the 2011-12 school year, the amount of state aid shall be eighty-six percent of  
108 the amount of state aid calculated for the district for the 2011-12 school year under the provisions  
109 of subsection 1 of this section plus fourteen percent of the total amount of state revenue received  
110 by the district for the 2005-06 school year from the foundation formula, line 14, gifted, remedial  
111 reading, exceptional pupil aid, fair share, and free textbook payments less any amounts received  
112 under section 163.043.

113 (7) (a) a. For the 2006-07 school year, if a school district experiences a decrease in  
114 summer school average daily attendance of more than twenty percent from the district's 2005-06  
115 summer school average daily attendance, an amount equal to the product of the percent reduction  
116 that is in excess of twenty percent of the district's summer school average daily attendance  
117 multiplied by the funds generated by the district's summer school program in the 2005-06 school  
118 year shall be subtracted from the district's current year payment amount.

119 b. For the 2007-08 school year, if a school district experiences a decrease in summer  
120 school average daily attendance of more than thirty percent from the district's 2005-06 summer  
121 school average daily attendance, an amount equal to the product of the percent reduction that is

122 in excess of thirty percent of the district's summer school average daily attendance multiplied by  
123 the funds generated by the district's summer school program in the 2005-06 school year shall be  
124 subtracted from the district's payment amount.

125 c. For the 2008-09 school year, if a school district experiences a decrease in summer  
126 school average daily attendance of more than thirty-five percent from the district's 2005-06  
127 summer school average daily attendance, an amount equal to the product of the percent reduction  
128 that is in excess of thirty-five percent of the district's summer school average daily attendance  
129 multiplied by the funds generated by the district's summer school program in the 2005-06 school  
130 year shall be subtracted from the district's payment amount.

131 d. Notwithstanding the provisions of this paragraph, no such reduction shall be made in  
132 the case of a district that is receiving a payment under section 163.044 or any district whose  
133 regular school term average daily attendance for the preceding year was three hundred fifty or  
134 less.

135 e. This paragraph shall not be construed to permit any reduction applied under this  
136 paragraph to result in any district receiving a current-year payment that is less than the amount  
137 calculated for such district under subsection 2 of this section.

138 (b) If a school district experiences a decrease in its gifted program enrollment of more  
139 than twenty percent from its 2005-06 gifted program enrollment in any year governed by this  
140 subsection, an amount equal to the product of the percent reduction in the district's gifted  
141 program enrollment multiplied by the funds generated by the district's gifted program in the  
142 2005-06 school year shall be subtracted from the district's current year payment amount.

143 5. For any school district meeting the eligibility criteria for state aid as established in  
144 section 163.021, but which is considered an option district under section 163.042 and therefore  
145 receives no state aid, the commissioner of education shall present a plan to the superintendent  
146 of the school district for the waiver of rules and the duration of said waivers, in order to promote  
147 flexibility in the operations of the district and to enhance and encourage efficiency in the delivery  
148 of instructional services as provided in section 163.042.

149 6. (1) No less than seventy-five percent of the state revenue received under the  
150 provisions of subsections 1, 2, and 4 of this section shall be placed in the teachers' fund, and the  
151 remaining percent of such moneys shall be placed in the incidental fund. No less than  
152 seventy-five percent of one-half of the funds received from the school district trust fund  
153 distributed under section 163.087 shall be placed in the teachers' fund. One hundred percent of  
154 revenue received under the provisions of section 163.161 shall be placed in the incidental fund.  
155 One hundred percent of revenue received under the provisions of sections 168.500 to 168.515  
156 shall be placed in the teachers' fund.

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

159 (a) An amount equal to at least seventy-five percent of the state revenue received under  
160 the provisions of subsections 1, 2, and 4 of this section;

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

164 (c) Beginning in fiscal year 2008, as much as was spent per the second preceding year's  
165 weighted average daily attendance for certificated compensation and tuition expenditures the  
166 previous year from revenue produced by local and county tax sources in the teachers' fund, plus  
167 the amount of the incidental fund to teachers' fund transfer calculated to be local and county tax  
168 sources by dividing local and county tax sources in the incidental fund by total revenue in the  
169 incidental fund.

170 In the event a district fails to comply with this provision, the amount by which the district fails  
171 to spend funds as provided herein shall be deducted from the district's state revenue received  
172 under the provisions of subsections 1, 2, and 4 of this section for the following year, provided  
173 that the state board of education may exempt a school district from this provision if the state  
174 board of education determines that circumstances warrant such exemption.

175 7. If a school district's annual audit discloses that students were inappropriately identified  
176 as eligible for free and reduced lunch, special education, or limited English proficiency and the  
177 district does not resolve the audit finding, the department of elementary and secondary education  
178 shall require that the amount of aid paid pursuant to the weighting for free and reduced lunch,  
179 special education, or limited English proficiency in the weighted average daily attendance on the  
180 inappropriately identified pupils be repaid by the district in the next school year and shall  
181 additionally impose a penalty of one hundred percent of such aid paid on such pupils, which  
182 penalty shall also be paid within the next school year. Such amounts may be repaid by the  
183 district through the withholding of the amount of state aid.

184 8. Notwithstanding any provision of law to the contrary, in any fiscal year during which  
185 the total formula appropriation is insufficient to fully fund the entitlement calculation of this  
186 section, the department of elementary and secondary education shall adjust the state adequacy  
187 target in order to accommodate the appropriation level for the given fiscal year. In no manner  
188 shall any payment modification be rendered for any district qualified to receive payments under  
189 subsection 2 of this section based on insufficient appropriations.

190 **9. (1) No later than July 1, 2017, the department of elementary and secondary**  
191 **education shall calculate a factor based on the product of one divided by the school**  
192 **district's September enrollment from the 2016-17 school year multiplied by the percentage**

193 **formed by the school district's basic state school-aid payment per-average daily attendance**  
194 **divided by its current expenditure per-average daily attendance for school year 2016-17**  
195 **for school districts receiving payments under subsection 2 of this section during school year**  
196 **2016-17. The department shall rank order all school districts from the lowest to the**  
197 **highest, dividing the list into three parts as evenly as possible based on the total number**  
198 **of districts on the list.**

199 **(2) For the 2017-18 school year, the department shall cease making payments under**  
200 **subsection 2 of this section in excess of the amount determined for that district under**  
201 **subsection 1 of this section to those school districts with a factor in the lowest one-third of**  
202 **districts. For the 2018-19 school year, the department shall cease making payments under**  
203 **subsection 2 of this section in excess of the amount determined for that district under**  
204 **subsection 1 of this section to those school districts with a factor in the middle one-third**  
205 **of districts. For the 2019-20 school year, the department shall cease making payments**  
206 **under subsection 2 of this section in excess of the amount determined for that district under**  
207 **subsection 1 of this section to those school districts with a factor in the highest one-third**  
208 **of districts.**

209 **(3) For each year subsequent to the 2019-20 school year:**

210 **(a) Any school district for which the basic state-aid calculation yields a zero or less**  
211 **shall not receive a basic state-aid payment; and**

212 **(b) Any school district described under subdivision (2) of this subsection for which**  
213 **the basic state-aid calculation exceeds zero shall receive the amount calculated for the**  
214 **district under subsection 1 of this section.**

2 [163.031. 1. The department of elementary and secondary education  
3 shall calculate and distribute to each school district qualified to receive state aid  
4 under section 163.021 an amount determined by multiplying the district's  
5 weighted average daily attendance by the state adequacy target, multiplying this  
6 product by the dollar value modifier for the district, and subtracting from this  
7 product the district's local effort and, in years not governed under subsection 4  
8 of this section, subtracting payments from the classroom trust fund under section  
9 163.043.

9 2. Other provisions of law to the contrary notwithstanding:

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

12 (a) For the 2006-07 school year, the state revenue per weighted average  
13 daily attendance received by a district from the state aid calculation under  
14 subsections 1 and 4 of this section, as applicable, and the classroom trust fund  
15 under section 163.043 shall not be less than the state revenue received by a  
16 district in the 2005-06 school year from the foundation formula, line 14, gifted,  
17 remedial reading, exceptional pupil aid, fair share, and free textbook payment

18 amounts multiplied by the sum of one plus the product of one-third multiplied by  
19 the remainder of the dollar value modifier minus one, and dividing this product  
20 by the weighted average daily attendance computed for the 2005-06 school year;

21 (b) For the 2007-08 school year, the state revenue per weighted average  
22 daily attendance received by a district from the state aid calculation under  
23 subsections 1 and 4 of this section, as applicable, and the classroom trust fund  
24 under section 163.043 shall not be less than the state revenue received by a  
25 district in the 2005-06 school year from the foundation formula, line 14, gifted,  
26 remedial reading, exceptional pupil aid, fair share, and free textbook payment  
27 amounts multiplied by the sum of one plus the product of two-thirds multiplied  
28 by the remainder of the dollar value modifier minus one, and dividing this  
29 product by the weighted average daily attendance computed for the 2005-06  
30 school year;

31 (c) For the 2008-09 school year, the state revenue per weighted average  
32 daily attendance received by a district from the state aid calculation under  
33 subsections 1 and 4 of this section, as applicable, and the classroom trust fund  
34 under section 163.043 shall not be less than the state revenue received by a  
35 district in the 2005-06 school year from the foundation formula, line 14, gifted,  
36 remedial reading, exceptional pupil aid, fair share, and free textbook payment  
37 amounts multiplied by the dollar value modifier, and dividing this product by the  
38 weighted average daily attendance computed for the 2005-06 school year;

39 (d) For each year subsequent to the 2008-09 school year, the amount shall  
40 be no less than that computed in paragraph (c) of this subdivision, multiplied by  
41 the weighted average daily attendance pursuant to section 163.036, less any  
42 increase in revenue received from the classroom trust fund under section  
43 163.043;

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

46 (a) For the 2006-07 school year, the state revenue received by a district  
47 from the state aid calculation under subsections 1 and 4 of this section, as  
48 applicable, and the classroom trust fund under section 163.043 shall not be less  
49 than the greater of state revenue received by a district in the 2004-05 or 2005-06  
50 school year from the foundation formula, line 14, gifted, remedial reading,  
51 exceptional pupil aid, fair share, and free textbook payment amounts multiplied  
52 by the sum of one plus the product of one-third multiplied by the remainder of the  
53 dollar value modifier minus one;

54 (b) For the 2007-08 school year, the state revenue received by a district  
55 from the state aid calculation under subsections 1 and 4 of this section, as  
56 applicable, and the classroom trust fund under section 163.043 shall not be less  
57 than the greater of state revenue received by a district in the 2004-05 or 2005-06  
58 school year from the foundation formula, line 14, gifted, remedial reading,  
59 exceptional pupil aid, fair share, and free textbook payment amounts multiplied



60 by the sum of one plus the product of two-thirds multiplied by the remainder of  
61 the dollar value modifier minus one;

62 (c) For the 2008-09 school year, the state revenue received by a district  
63 from the state aid calculation under subsections 1 and 4 of this section, as  
64 applicable, and the classroom trust fund under section 163.043 shall not be less  
65 than the greater of state revenue received by a district in the 2004-05 or 2005-06  
66 school year from the foundation formula, line 14, gifted, remedial reading,  
67 exceptional pupil aid, fair share, and free textbook payment amounts multiplied  
68 by the dollar value modifier;

69 (d) For each year subsequent to the 2008-09 school year, the amount shall  
70 be no less than that computed in paragraph (c) of this subdivision;

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

74 3. School districts that meet the requirements of section 163.021 shall  
75 receive categorical add-on revenue as provided in this subsection. The  
76 categorical add-on for the district shall be the sum of: seventy-five percent of the  
77 district allowable transportation costs under section 163.161; the career ladder  
78 entitlement for the district, as provided for in sections 168.500 to 168.515; the  
79 vocational education entitlement for the district, as provided for in section  
80 167.332; and the district educational and screening program entitlements as  
81 provided for in sections 178.691 to 178.699. The categorical add-on revenue  
82 amounts may be adjusted to accommodate available appropriations.

83 4. In the 2006-07 school year and each school year thereafter for five  
84 years, those districts entitled to receive state aid under the provisions of  
85 subsection 1 of this section shall receive state aid in an amount as provided in this  
86 subsection.

87 (1) For the 2006-07 school year, the amount shall be fifteen percent of  
88 the amount of state aid calculated for the district for the 2006-07 school year  
89 under the provisions of subsection 1 of this section, plus eighty-five percent of  
90 the total amount of state revenue received by the district for the 2005-06 school  
91 year from the foundation formula, line 14, gifted, remedial reading, exceptional  
92 pupil aid, fair share, and free textbook payments less any amounts received under  
93 section 163.043.

94 (2) For the 2007-08 school year, the amount shall be thirty percent of the  
95 amount of state aid calculated for the district for the 2007-08 school year under  
96 the provisions of subsection 1 of this section, plus seventy percent of the total  
97 amount of state revenue received by the district for the 2005-06 school year from  
98 the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid,  
99 fair share, and free textbook payments less any amounts received under section  
100 163.043.

101 (3) For the 2008-09 school year, the amount of state aid shall be  
102 forty-four percent of the amount of state aid calculated for the district for the

103 2008-09 school year under the provisions of subsection 1 of this section plus  
104 fifty-six percent of the total amount of state revenue received by the district for  
105 the 2005-06 school year from the foundation formula, line 14, gifted, remedial  
106 reading, exceptional pupil aid, fair share, and free textbook payments less any  
107 amounts received under section 163.043.

108 (4) For the 2009-10 school year, the amount of state aid shall be  
109 fifty-eight percent of the amount of state aid calculated for the district for the  
110 2009-10 school year under the provisions of subsection 1 of this section plus  
111 forty-two percent of the total amount of state revenue received by the district for  
112 the 2005-06 school year from the foundation formula, line 14, gifted, remedial  
113 reading, exceptional pupil aid, fair share, and free textbook payments less any  
114 amounts received under section 163.043.

115 (5) For the 2010-11 school year, the amount of state aid shall be  
116 seventy-two percent of the amount of state aid calculated for the district for the  
117 2010-11 school year under the provisions of subsection 1 of this section plus  
118 twenty-eight percent of the total amount of state revenue received by the district  
119 for the 2005-06 school year from the foundation formula, line 14, gifted, remedial  
120 reading, exceptional pupil aid, fair share, and free textbook payments less any  
121 amounts received under section 163.043.

122 (6) For the 2011-12 school year, the amount of state aid shall be  
123 eighty-six percent of the amount of state aid calculated for the district for the  
124 2011-12 school year under the provisions of subsection 1 of this section plus  
125 fourteen percent of the total amount of state revenue received by the district for  
126 the 2005-06 school year from the foundation formula, line 14, gifted, remedial  
127 reading, exceptional pupil aid, fair share, and free textbook payments less any  
128 amounts received under section 163.043.

129 (7) (a) Notwithstanding subdivision (18) of section 163.011, the state  
130 adequacy target may not be adjusted downward to accommodate available  
131 appropriations in any year governed by this subsection.

132 (b) a. For the 2006-07 school year, if a school district experiences a  
133 decrease in summer school average daily attendance of more than twenty percent  
134 from the district's 2005-06 summer school average daily attendance, an amount  
135 equal to the product of the percent reduction that is in excess of twenty percent  
136 of the district's summer school average daily attendance multiplied by the funds  
137 generated by the district's summer school program in the 2005-06 school year  
138 shall be subtracted from the district's current year payment amount.

139 b. For the 2007-08 school year, if a school district experiences a decrease  
140 in summer school average daily attendance of more than thirty percent from the  
141 district's 2005-06 summer school average daily attendance, an amount equal to  
142 the product of the percent reduction that is in excess of thirty percent of the  
143 district's summer school average daily attendance multiplied by the funds  
144 generated by the district's summer school program in the 2005-06 school year  
145 shall be subtracted from the district's payment amount.

146 c. For the 2008-09 school year, if a school district experiences a decrease  
147 in summer school average daily attendance of more than thirty-five percent from  
148 the district's 2005-06 summer school average daily attendance, an amount equal  
149 to the product of the percent reduction that is in excess of thirty-five percent of  
150 the district's summer school average daily attendance multiplied by the funds  
151 generated by the district's summer school program in the 2005-06 school year  
152 shall be subtracted from the district's payment amount.

153 d. Notwithstanding the provisions of this paragraph, no such reduction  
154 shall be made in the case of a district that is receiving a payment under section  
155 163.044 or any district whose regular school term average daily attendance for  
156 the preceding year was three hundred fifty or less.

157 e. This paragraph shall not be construed to permit any reduction applied  
158 under this paragraph to result in any district receiving a current-year payment that  
159 is less than the amount calculated for such district under subsection 2 of this  
160 section.

161 (c) If a school district experiences a decrease in its gifted program  
162 enrollment of more than twenty percent from its 2005-06 gifted program  
163 enrollment in any year governed by this subsection, an amount equal to the  
164 product of the percent reduction in the district's gifted program enrollment  
165 multiplied by the funds generated by the district's gifted program in the 2005-06  
166 school year shall be subtracted from the district's current year payment amount.

167 5. For any school district meeting the eligibility criteria for state aid as  
168 established in section 163.021, but which is considered an option district under  
169 section 163.042 and therefore receives no state aid, the commissioner of  
170 education shall present a plan to the superintendent of the school district for the  
171 waiver of rules and the duration of said waivers, in order to promote flexibility  
172 in the operations of the district and to enhance and encourage efficiency in the  
173 delivery of instructional services as provided in section 163.042.

174 6. (1) No less than seventy-five percent of the state revenue received  
175 under the provisions of subsections 1, 2, and 4 of this section shall be placed in  
176 the teachers' fund, and the remaining percent of such moneys shall be placed in  
177 the incidental fund. No less than seventy-five percent of one-half of the funds  
178 received from the school district trust fund distributed under section 163.087  
179 shall be placed in the teachers' fund. One hundred percent of revenue received  
180 under the provisions of section 163.161 shall be placed in the incidental fund.  
181 One hundred percent of revenue received under the provisions of sections  
182 168.500 to 168.515 shall be placed in the teachers' fund.

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

185 (a) An amount equal to at least seventy-five percent of the state revenue  
186 received under the provisions of subsections 1, 2, and 4 of this section;

187 (b) An amount equal to at least seventy-five percent of one-half of the  
188 funds received from the school district trust fund distributed under section  
189 163.087 during the preceding school year; and

190 (c) Beginning in fiscal year 2008, as much as was spent per the second  
191 preceding year's weighted average daily attendance for certificated compensation  
192 and tuition expenditures the previous year from revenue produced by local and  
193 county tax sources in the teachers' fund, plus the amount of the incidental fund  
194 to teachers' fund transfer calculated to be local and county tax sources by dividing  
195 local and county tax sources in the incidental fund by total revenue in the  
196 incidental fund. In the event a district fails to comply with this provision, the  
197 amount by which the district fails to spend funds as provided herein shall be  
198 deducted from the district's state revenue received under the provisions of  
199 subsections 1, 2, and 4 of this section for the following year, provided that the  
200 state board of education may exempt a school district from this provision if the  
201 state board of education determines that circumstances warrant such exemption.

202 7. If a school district's annual audit discloses that students were  
203 inappropriately identified as eligible for free and reduced lunch, special  
204 education, or limited English proficiency and the district does not resolve the  
205 audit finding, the department of elementary and secondary education shall require  
206 that the amount of aid paid pursuant to the weighting for free and reduced lunch,  
207 special education, or limited English proficiency in the weighted average daily  
208 attendance on the inappropriately identified pupils be repaid by the district in the  
209 next school year and shall additionally impose a penalty of one hundred percent  
210 of such aid paid on such pupils, which penalty shall also be paid within the next  
211 school year. Such amounts may be repaid by the district through the withholding  
212 of the amount of state aid.]

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