

SECOND REGULAR SESSION

SENATE BILL NO. 454

96TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR PEARCE.

Pre-filed December 1, 2011, and ordered printed.

TERRY L. SPIELER, Secretary.

4366S.02I

AN ACT

To repeal sections 163.011 and 163.031, RSMo, and to enact in lieu thereof two new sections relating to state funding for elementary and secondary education, with an emergency clause.

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

Section A. Sections 163.011 and 163.031, RSMo, are repealed and two
2 new sections enacted in lieu thereof, to be known as sections 163.011 and
3 163.031, to read as follows:

163.011. As used in this chapter unless the context requires otherwise:

2 (1) "Adjusted operating levy", the sum of tax rates for the current year for
3 teachers' and incidental funds for a school district as reported to the proper
4 officer of each county pursuant to section 164.011;

5 (2) "**Aggregate proration factor**", the **total formula appropriation**
6 **under subsections 1, 2, and 8 of section 163.031 for any given fiscal year**
7 **divided by the amount that would be necessary to fund the entire**
8 **entitlement calculation determined by subsections 1 and 2 of section**
9 **163.031 for the same fiscal year;**

10 (3) "Average daily attendance", the quotient or the sum of the quotients
11 obtained by dividing the total number of hours attended in a term by resident
12 pupils between the ages of five and twenty-one by the actual number of hours
13 school was in session in that term. To the average daily attendance of the
14 following school term shall be added the full-time equivalent average daily
15 attendance of summer school students. "Full-time equivalent average daily
16 attendance of summer school students" shall be computed by dividing the total
17 number of hours, except for physical education hours that do not count as credit

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

18 toward graduation for students in grades nine, ten, eleven, and twelve, attended
19 by all summer school pupils by the number of hours required in section 160.011
20 in the school term. For purposes of determining average daily attendance under
21 this subdivision, the term "resident pupil" shall include all children between the
22 ages of five and twenty-one who are residents of the school district and who are
23 attending kindergarten through grade twelve in such district. If a child is
24 attending school in a district other than the district of residence and the child's
25 parent is teaching in the school district or is a regular employee of the school
26 district which the child is attending, then such child shall be considered a
27 resident pupil of the school district which the child is attending for such period
28 of time when the district of residence is not otherwise liable for tuition. Average
29 daily attendance for students below the age of five years for which a school
30 district may receive state aid based on such attendance shall be computed as
31 regular school term attendance unless otherwise provided by law;

32 ~~[(3)]~~ (4) "Current operating expenditures":

33 (a) For the fiscal year 2007 calculation, "current operating expenditures"
34 shall be calculated using data from fiscal year 2004 and shall be calculated as all
35 expenditures for instruction and support services except capital outlay and debt
36 service expenditures minus the revenue from federal categorical sources; food
37 service; student activities; categorical payments for transportation costs pursuant
38 to section 163.161; state reimbursements for early childhood special education;
39 the career ladder entitlement for the district, as provided for in sections 168.500
40 to 168.515; the vocational education entitlement for the district, as provided for
41 in section 167.332; and payments from other districts;

42 (b) In every fiscal year subsequent to fiscal year 2007, current operating
43 expenditures shall be the amount in paragraph (a) of this subdivision plus any
44 increases in state funding pursuant to sections 163.031 and 163.043 subsequent
45 to fiscal year 2005, not to exceed five percent, per recalculation, of the state
46 revenue received by a district in the 2004-05 school year from the foundation
47 formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share, and
48 free textbook payments for any district from the first preceding calculation of the
49 state adequacy target. Beginning on July 1, 2010, current operating expenditures
50 shall be the amount in paragraph (a) of this subdivision plus any increases in
51 state funding pursuant to sections 163.031 and 163.043 subsequent to fiscal year
52 2005 received by a district in the 2004-05 school year from the foundation
53 formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share, and

54 free textbook payments for any district from the first preceding calculation of the
55 state adequacy target;

56 [(4)] (5) "District's tax rate ceiling", the highest tax rate ceiling in effect
57 subsequent to the 1980 tax year or any subsequent year. Such tax rate ceiling
58 shall not contain any tax levy for debt service;

59 [(5)] (6) "Dollar-value modifier", an index of the relative purchasing
60 power of a dollar, calculated as one plus fifteen percent of the difference of the
61 regional wage ratio minus one, provided that the dollar value modifier shall not
62 be applied at a rate less than 1.0:

63 (a) "County wage per job", the total county wage and salary disbursements
64 divided by the total county wage and salary employment for each county and the
65 city of St. Louis as reported by the Bureau of Economic Analysis of the United
66 States Department of Commerce for the fourth year preceding the payment year;

67 (b) "Regional wage per job":

68 a. The total Missouri wage and salary disbursements of the metropolitan
69 area as defined by the Office of Management and Budget divided by the total
70 Missouri metropolitan wage and salary employment for the metropolitan area for
71 the county signified in the school district number or the city of St. Louis, as
72 reported by the Bureau of Economic Analysis of the United States Department
73 of Commerce for the fourth year preceding the payment year and recalculated
74 upon every decennial census to incorporate counties that are newly added to the
75 description of metropolitan areas; or if no such metropolitan area is established,
76 then:

77 b. The total Missouri wage and salary disbursements of the micropolitan
78 area as defined by the Office of Management and Budget divided by the total
79 Missouri micropolitan wage and salary employment for the micropolitan area for
80 the county signified in the school district number, as reported by the Bureau of
81 Economic Analysis of the United States Department of Commerce for the fourth
82 year preceding the payment year, if a micropolitan area for such county has been
83 established and recalculated upon every decennial census to incorporate counties
84 that are newly added to the description of micropolitan areas; or

85 c. If a county is not part of a metropolitan or micropolitan area as
86 established by the Office of Management and Budget, then the county wage per
87 job, as defined in paragraph (a) of this subdivision, shall be used for the school
88 district, as signified by the school district number;

89 (c) "Regional wage ratio", the ratio of the regional wage per job divided by

90 the state median wage per job;

91 (d) "State median wage per job", the fifty-eighth highest county wage per
92 job;

93 [(6)] (7) "Free and reduced lunch pupil count", the number of pupils
94 eligible for free and reduced lunch on the last Wednesday in January for the
95 preceding school year who were enrolled as students of the district, as approved
96 by the department in accordance with applicable federal regulations;

97 [(7)] (8) "Free and reduced lunch threshold" shall be calculated by
98 dividing the total free and reduced lunch pupil count of every performance district
99 that falls entirely above the bottom five percent and entirely below the top five
100 percent of average daily attendance, when such districts are rank-ordered based
101 on their current operating expenditures per average daily attendance, by the total
102 average daily attendance of all included performance districts;

103 [(8)] (9) "Limited English proficiency pupil count", the number in the
104 preceding school year of pupils aged three through twenty-one enrolled or
105 preparing to enroll in an elementary school or secondary school who were not
106 born in the United States or whose native language is a language other than
107 English or are Native American or Alaskan native, or a native resident of the
108 outlying areas, and come from an environment where a language other than
109 English has had a significant impact on such individuals' level of English
110 language proficiency, or are migratory, whose native language is a language other
111 than English, and who come from an environment where a language other than
112 English is dominant; and have difficulties in speaking, reading, writing, or
113 understanding the English language sufficient to deny such individuals the
114 ability to meet the state's proficient level of achievement on state assessments
115 described in Public Law 107-10, the ability to achieve successfully in classrooms
116 where the language of instruction is English, or the opportunity to participate
117 fully in society;

118 [(9)] (10) "Limited English proficiency threshold" shall be calculated by
119 dividing the total limited English proficiency pupil count of every performance
120 district that falls entirely above the bottom five percent and entirely below the
121 top five percent of average daily attendance, when such districts are rank-ordered
122 based on their current operating expenditures per average daily attendance, by
123 the total average daily attendance of all included performance districts;

124 [(10)] (11) "Local effort":

125 (a) For the fiscal year 2007 calculation, "local effort" shall be computed as

126 the equalized assessed valuation of the property of a school district in calendar
127 year 2004 divided by one hundred and multiplied by the performance levy less the
128 percentage retained by the county assessor and collector plus one hundred
129 percent of the amount received in fiscal year 2005 for school purposes from
130 intangible taxes, fines, escheats, payments in lieu of taxes and receipts from
131 state-assessed railroad and utility tax, one hundred percent of the amount
132 received for school purposes pursuant to the merchants' and manufacturers' taxes
133 under sections 150.010 to 150.370, one hundred percent of the amounts received
134 for school purposes from federal properties under sections 12.070 and 12.080
135 except when such amounts are used in the calculation of federal impact aid
136 pursuant to P.L. 81-874, fifty percent of Proposition C revenues received for
137 school purposes from the school district trust fund under section 163.087, and one
138 hundred percent of any local earnings or income taxes received by the district for
139 school purposes. Under this paragraph, for a special district established under
140 sections 162.815 to 162.940 in a county with a charter form of government and
141 with more than one million inhabitants, a tax levy of zero shall be utilized in lieu
142 of the performance levy for the special school district;

143 (b) In every year subsequent to fiscal year 2007, "local effort" shall be the
144 amount calculated under paragraph (a) of this subdivision plus any increase in
145 the amount received for school purposes from fines. If a district's assessed
146 valuation has decreased subsequent to the calculation outlined in paragraph (a)
147 of this subdivision, the district's local effort shall be calculated using the district's
148 current assessed valuation in lieu of the assessed valuation utilized in the
149 calculation outlined in paragraph (a) of this subdivision;

150 [(11)] **(12)** "Membership" shall be the average of:

151 (a) The number of resident full-time students and the full-time equivalent
152 number of part-time students who were enrolled in the public schools of the
153 district on the last Wednesday in September of the previous year and who were
154 in attendance one day or more during the preceding ten school days; and

155 (b) The number of resident full-time students and the full-time equivalent
156 number of part-time students who were enrolled in the public schools of the
157 district on the last Wednesday in January of the previous year and who were in
158 attendance one day or more during the preceding ten school days, plus the
159 full-time equivalent number of summer school pupils. "Full-time equivalent
160 number of part-time students" is determined by dividing the total number of
161 hours for which all part-time students are enrolled by the number of hours in the

162 school term. "Full-time equivalent number of summer school pupils" is
163 determined by dividing the total number of hours for which all summer school
164 pupils were enrolled by the number of hours required pursuant to section 160.011
165 in the school term. Only students eligible to be counted for average daily
166 attendance shall be counted for membership;

167 **[(12)] (13) "Modified formula payment", the product of the**
168 **proration factor and the calculation determined by subsection 1 of**
169 **section 163.031;**

170 **(14) "Modified hold harmless payment", the product of the**
171 **calculation determined by subsection 2 of section 163.031 and the sum**
172 **of one half the proration factor plus one half;**

173 **(15) "Operating levy for school purposes", the sum of tax rates levied for**
174 **teachers' and incidental funds plus the operating levy or sales tax equivalent**
175 **pursuant to section 162.1100 of any transitional school district containing the**
176 **school district, in the payment year, not including any equalized operating levy**
177 **for school purposes levied by a special school district in which the district is**
178 **located;**

179 **[(13)] (16) "Performance district", any district that has met all**
180 **performance standards and indicators as established by the department of**
181 **elementary and secondary education for purposes of accreditation under section**
182 **161.092 and as reported on the final annual performance report for that district**
183 **each year;**

184 **[(14)] (17) "Performance levy", three dollars and forty-three cents;**

185 **[(15)] (18) "Proration factor", a percentage applied to the**
186 **calculations determined by subsections 1 and 2 of section 163.031, prior**
187 **to subtracting payments from the classroom trust fund, such that the**
188 **sum total of every payment made to school districts eligible for a**
189 **modified formula payment combined with the sum total of every**
190 **payment made to school districts eligible for a modified hold harmless**
191 **payment shall equal the total formula appropriation for a given fiscal**
192 **year. The proration factor shall be calculated by the department of**
193 **elementary and secondary education using the most current available**
194 **data;**

195 **(19) "School purposes" pertains to teachers' and incidental funds;**

196 **[(16)] (20) "Special education pupil count", the number of public school**
197 **students with a current individualized education program or services plan and**

198 receiving services from the resident district as of December first of the preceding
199 school year, except for special education services provided through a school
200 district established under sections 162.815 to 162.940 in a county with a charter
201 form of government and with more than one million inhabitants, in which case
202 the sum of the students in each district within the county exceeding the special
203 education threshold of each respective district within the county shall be counted
204 within the special district and not in the district of residence for purposes of
205 distributing the state aid derived from the special education pupil count;

206 [(17)] (21) "Special education threshold" shall be calculated by dividing
207 the total special education pupil count of every performance district that falls
208 entirely above the bottom five percent and entirely below the top five percent of
209 average daily attendance, when such districts are rank-ordered based on their
210 current operating expenditures per average daily attendance, by the total average
211 daily attendance of all included performance districts;

212 [(18)] (22) "State adequacy target", the sum of the current operating
213 expenditures of every performance district that falls entirely above the bottom
214 five percent and entirely below the top five percent of average daily attendance,
215 when such districts are rank-ordered based on their current operating
216 expenditures per average daily attendance, divided by the total average daily
217 attendance of all included performance districts. The department of elementary
218 and secondary education shall first calculate the state adequacy target for fiscal
219 year 2007 and recalculate the state adequacy target every two years using the
220 most current available data. The recalculation shall never result in a decrease
221 from the previous state adequacy target amount. Should a recalculation result
222 in an increase in the state adequacy target amount, fifty percent of that increase
223 shall be included in the state adequacy target amount in the year of recalculation,
224 and fifty percent of that increase shall be included in the state adequacy target
225 amount in the subsequent year[. The state adequacy target may be adjusted to
226 accommodate available appropriations];

227 [(19)] (23) "Teacher", any teacher, teacher-secretary, substitute teacher,
228 supervisor, principal, supervising principal, superintendent or assistant
229 superintendent, school nurse, social worker, counselor or librarian who shall,
230 regularly, teach or be employed for no higher than grade twelve more than
231 one-half time in the public schools and who is certified under the laws governing
232 the certification of teachers in Missouri;

233 [(20)] (24) "Weighted average daily attendance", the average daily

234 attendance plus the product of twenty-five hundredths multiplied by the free and
235 reduced lunch pupil count that exceeds the free and reduced lunch threshold, plus
236 the product of seventy-five hundredths multiplied by the number of special
237 education pupil count that exceeds the special education threshold, plus the
238 product of six-tenths multiplied by the number of limited English proficiency
239 pupil count that exceeds the limited English proficiency threshold. For special
240 districts established under sections 162.815 to 162.940 in a county with a charter
241 form of government and with more than one million inhabitants, weighted
242 average daily attendance shall be the average daily attendance plus the product
243 of twenty-five hundredths multiplied by the free and reduced lunch pupil count
244 that exceeds the free and reduced lunch threshold, plus the product of
245 seventy-five hundredths multiplied by the sum of the special education pupil
246 count that exceeds the threshold for each county district, plus the product of
247 six-tenths multiplied by the limited English proficiency pupil count that exceeds
248 the limited English proficiency threshold. None of the districts comprising a
249 special district established under sections 162.815 to 162.940 in a county with a
250 charter form of government and with more than one million inhabitants, shall use
251 any special education pupil count in calculating their weighted average daily
252 attendance.

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

9 2. [Other provisions of law to the contrary] Notwithstanding **subsection**
10 **1 of this section:**

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

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

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

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

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

40 (d) For each year subsequent to the 2008-09 school year, the amount shall
41 be no less than that computed in paragraph (c) of this subdivision, multiplied by
42 the weighted average daily attendance pursuant to section 163.036, less any
43 increase in revenue received from the classroom trust fund under section 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 an
72 addition in the payment amount specified in subsection 1 of this section to assure
73 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 categorical
76 add-on for the district shall be the sum of: seventy-five percent of the district
77 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
86 this subsection.

87 (1) For the 2006-07 school year, the amount shall be fifteen percent of the
88 amount of state aid calculated for the district for the 2006-07 school year under
89 the provisions of subsection 1 of this section, plus eighty-five percent of the total

90 amount of state revenue received by the district for the 2005-06 school year from
91 the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid,
92 fair share, and free textbook payments less any amounts received under section
93 163.043.

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 forty-four
102 percent of the amount of state aid calculated for the district for the 2008-09
103 school year under the provisions of subsection 1 of this section plus fifty-six
104 percent of the total amount of state revenue received by the district for the
105 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 fifty-eight
109 percent of the amount of state aid calculated for the district for the 2009-10
110 school year under the provisions of subsection 1 of this section plus forty-two
111 percent of the total amount of state revenue received by the district for the
112 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 eighty-six
123 percent of the amount of state aid calculated for the district for the 2011-12
124 school year under the provisions of subsection 1 of this section plus fourteen
125 percent of the total amount of state revenue received by the district for the

126 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
159 that is less than the amount calculated for such district under subsection 2 of this
160 section.

161 (c)] (1) (a) For fiscal year 2014, the general assembly shall

162 **appropriate an amount under subsections 1, 2, and 8 of this section that**
163 **equals or exceeds the formula appropriation under subsections 1, 2, and**
164 **4 of this section as it existed in fiscal year 2010;**

165 **(b) For fiscal year 2015, the general assembly shall appropriate**
166 **an amount under subsections 1, 2, and 8 of this section that is sufficient**
167 **to produce an aggregate proration factor of at least .93;**

168 **(c) For fiscal year 2016, the general assembly shall appropriate**
169 **an amount under subsections 1, 2, and 8 of this section that is sufficient**
170 **to produce an aggregate proration factor of at least .96;**

171 **(d) For fiscal year 2017, the general assembly shall appropriate**
172 **an amount under subsections 1, 2, and 8 of this section that is sufficient**
173 **to produce an aggregate proration factor of at least 1.0;**

174 **(2) If a school district experiences a decrease in its gifted program**
175 **enrollment of more than twenty percent from its 2005-06 gifted program**
176 **enrollment in any year governed by this subsection, an amount equal to the**
177 **product of the percent reduction in the district's gifted program enrollment**
178 **multiplied by the funds generated by the district's gifted program in the 2005-06**
179 **school year shall be subtracted from the district's current year payment amount.**

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

187 **6. (1) No less than seventy-five percent of the state revenue received**
188 **under the provisions of subsections 1, 2, and 4 of this section shall be placed in**
189 **the teachers' fund, and the remaining percent of such moneys shall be placed in**
190 **the incidental fund. No less than seventy-five percent of one-half of the funds**
191 **received from the school district trust fund distributed under section 163.087**
192 **shall be placed in the teachers' fund. One hundred percent of revenue received**
193 **under the provisions of section 163.161 shall be placed in the incidental**
194 **fund. One hundred percent of revenue received under the provisions of sections**
195 **168.500 to 168.515 shall be placed in the teachers' fund.**

196 **(2) A school district shall spend for certificated compensation and tuition**
197 **expenditures each year:**

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

200 (b) An amount equal to at least seventy-five percent of one-half of the
201 funds received from the school district trust fund distributed under section
202 163.087 during the preceding school year; and

203 (c) Beginning in fiscal year 2008, as much as was spent per the second
204 preceding year's weighted average daily attendance for certificated compensation
205 and tuition expenditures the previous year from revenue produced by local and
206 county tax sources in the teachers' fund, plus the amount of the incidental fund
207 to teachers' fund transfer calculated to be local and county tax sources by dividing
208 local and county tax sources in the incidental fund by total revenue in the
209 incidental fund. In the event a district fails to comply with this provision, the
210 amount by which the district fails to spend funds as provided herein shall be
211 deducted from the district's state revenue received under the provisions of
212 subsections 1, 2, and 4 of this section for the following year, provided that the
213 state board of education may exempt a school district from this provision if the
214 state board of education determines that circumstances warrant such exemption.

215 7. If a school district's annual audit discloses that students were
216 inappropriately identified as eligible for free and reduced lunch, special
217 education, or limited English proficiency and the district does not resolve the
218 audit finding, the department of elementary and secondary education shall
219 require that the amount of aid paid pursuant to the weighting for free and
220 reduced lunch, special education, or limited English proficiency in the weighted
221 average daily attendance on the inappropriately identified pupils be repaid by the
222 district in the next school year and shall additionally impose a penalty of one
223 hundred percent of such aid paid on such pupils, which penalty shall also be paid
224 within the next school year. Such amounts may be repaid by the district through
225 the withholding of the amount of state aid.

226 **8. Notwithstanding the provisions of subsections 1 and 2 of this**
227 **section, in any year in which the formula appropriation does not equal**
228 **the amount necessary to fund the entire entitlement calculation**
229 **determined by subsections 1 and 2 of this section, each district shall**
230 **receive the greater of the district's modified formula payment or the**
231 **district's modified hold harmless payment.**

Section B. Because of the need to provide sufficient direction of the
2 allocation of appropriated funds, section A of this act is deemed necessary for the

3 immediate preservation of the public health, welfare, peace and safety, and is
4 hereby declared to be an emergency act within the meaning of the constitution,
5 and section A of this act shall be in full force and effect upon its passage and
6 approval or July 1, 2012, whichever occurs first.

✓

Unofficial

Bill

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