

SECOND REGULAR SESSION

# SENATE BILL NO. 756

97TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHAEFER.

Read 1st time January 21, 2014, and ordered printed.

TERRY L. SPIELER, Secretary.

5531S.011

## AN ACT

To repeal sections 163.011 and 163.031, RSMo, and to enact in lieu thereof two new sections relating to funding for gifted education.

*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Section A. Sections 163.011 and 163.031, RSMo, are repealed and two new  
2 sections enacted in lieu thereof, to be known as sections 163.011 and 163.031, to  
3 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) "Average daily attendance", the quotient or the sum of the quotients  
6 obtained by dividing the total number of hours attended in a term by resident  
7 pupils between the ages of five and twenty-one by the actual number of hours  
8 school was in session in that term. To the average daily attendance of the  
9 following school term shall be added the full-time equivalent average daily  
10 attendance of summer school students. "Full-time equivalent average daily  
11 attendance of summer school students" shall be computed by dividing the total  
12 number of hours, except for physical education hours that do not count as credit  
13 toward graduation for students in grades nine, ten, eleven, and twelve, attended  
14 by all summer school pupils by the number of hours required in section 160.011  
15 in the school term. For purposes of determining average daily attendance under  
16 this subdivision, the term "resident pupil" shall include all children between the  
17 ages of five and twenty-one who are residents of the school district and who are  
18 attending kindergarten through grade twelve in such district. If a child is

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

19 attending school in a district other than the district of residence and the child's  
20 parent is teaching in the school district or is a regular employee of the school  
21 district which the child is attending, then such child shall be considered a  
22 resident pupil of the school district which the child is attending for such period  
23 of time when the district of residence is not otherwise liable for tuition. Average  
24 daily attendance for students below the age of five years for which a school  
25 district may receive state aid based on such attendance shall be computed as  
26 regular school term attendance unless otherwise provided by law;

27 (3) "Current operating expenditures":

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

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

51 (4) "District's tax rate ceiling", the highest tax rate ceiling in effect  
52 subsequent to the 1980 tax year or any subsequent year. Such tax rate ceiling  
53 shall not contain any tax levy for debt service;

54 (5) "Dollar-value modifier", an index of the relative purchasing power of

55 a dollar, calculated as one plus fifteen percent of the difference of the regional  
56 wage ratio minus one, provided that the dollar value modifier shall not be applied  
57 at a rate less than 1.0:

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

62 (b) "Regional wage per job":

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

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

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

84 (c) "Regional wage ratio", the ratio of the regional wage per job divided by  
85 the state median wage per job;

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

88 (6) "Free and reduced lunch pupil count", the number of pupils eligible for  
89 free and reduced lunch on the last Wednesday in January for the preceding school  
90 year who were enrolled as students of the district, as approved by the department

91 in accordance with applicable federal regulations;

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

98 (8) **"Gifted education pupil count", the number of pupils who**  
99 **qualify as "gifted" under the definition of "gifted children" in section**  
100 **162.675, and who are enrolled and have participated in a state-**  
101 **approved gifted education program provided by the district by June**  
102 **first for the immediately preceding academic year;**

103 (9) **"Gifted threshold" shall be calculated by dividing the total**  
104 **gifted education pupil count of every performance district that falls**  
105 **entirely above the bottom five percent and entirely below the top five**  
106 **percent of average daily attendance, when such districts are rank-**  
107 **ordered based on their current operating expenditures per average**  
108 **daily attendance, by the total average daily attendance of all included**  
109 **performance districts;**

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

125 [(9)] (11) "Limited English proficiency threshold" shall be calculated by  
126 dividing the total limited English proficiency pupil count of every performance

127 district that falls entirely above the bottom five percent and entirely below the  
128 top five percent of average daily attendance, when such districts are rank-ordered  
129 based on their current operating expenditures per average daily attendance, by  
130 the total average daily attendance of all included performance districts;

131 ~~[(10)]~~ **(12)** "Local effort":

132 (a) For the fiscal year 2007 calculation, "local effort" shall be computed as  
133 the equalized assessed valuation of the property of a school district in calendar  
134 year 2004 divided by one hundred and multiplied by the performance levy less the  
135 percentage retained by the county assessor and collector plus one hundred  
136 percent of the amount received in fiscal year 2005 for school purposes from  
137 intangible taxes, fines, escheats, payments in lieu of taxes and receipts from  
138 state-assessed railroad and utility tax, one hundred percent of the amount  
139 received for school purposes pursuant to the merchants' and manufacturers' taxes  
140 under sections 150.010 to 150.370, one hundred percent of the amounts received  
141 for school purposes from federal properties under sections 12.070 and 12.080  
142 except when such amounts are used in the calculation of federal impact aid  
143 pursuant to P.L. 81-874, fifty percent of Proposition C revenues received for  
144 school purposes from the school district trust fund under section 163.087, and one  
145 hundred percent of any local earnings or income taxes received by the district for  
146 school purposes. Under this paragraph, for a special district established under  
147 sections 162.815 to 162.940 in a county with a charter form of government and  
148 with more than one million inhabitants, a tax levy of zero shall be utilized in lieu  
149 of the performance levy for the special school district;

150 (b) In every year subsequent to fiscal year 2007, "local effort" shall be the  
151 amount calculated under paragraph (a) of this subdivision plus any increase in  
152 the amount received for school purposes from fines. If a district's assessed  
153 valuation has decreased subsequent to the calculation outlined in paragraph (a)  
154 of this subdivision, the district's local effort shall be calculated using the district's  
155 current assessed valuation in lieu of the assessed valuation utilized in the  
156 calculation outlined in paragraph (a) of this subdivision;

157 ~~[(11)]~~ **(13)** "Membership" shall be the average of:

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

162 (b) The number of resident full-time students and the full-time equivalent

163 number of part-time students who were enrolled in the public schools of the  
164 district on the last Wednesday in January of the previous year and who were in  
165 attendance one day or more during the preceding ten school days, plus the  
166 full-time equivalent number of summer school pupils. "Full-time equivalent  
167 number of part-time students" is determined by dividing the total number of  
168 hours for which all part-time students are enrolled by the number of hours in the  
169 school term. "Full-time equivalent number of summer school pupils" is  
170 determined by dividing the total number of hours for which all summer school  
171 pupils were enrolled by the number of hours required pursuant to section 160.011  
172 in the school term. Only students eligible to be counted for average daily  
173 attendance shall be counted for membership;

174       [(12)] **(14)** "Operating levy for school purposes", the sum of tax rates  
175 levied for teachers' and incidental funds plus the operating levy or sales tax  
176 equivalent pursuant to section 162.1100 of any transitional school district  
177 containing the school district, in the payment year, not including any equalized  
178 operating levy for school purposes levied by a special school district in which the  
179 district is located;

180       [(13)] **(15)** "Performance district", any district that has met all  
181 performance standards and indicators as established by the department of  
182 elementary and secondary education for purposes of accreditation under section  
183 161.092 and as reported on the final annual performance report for that district  
184 each year;

185       [(14)] **(16)** "Performance levy", three dollars and forty-three cents;

186       [(15)] **(17)** "School purposes" pertains to teachers' and incidental funds;

187       [(16)] **(18)** "Special education pupil count", the number of public school  
188 students with a current individualized education program or services plan and  
189 receiving services from the resident district as of December first of the preceding  
190 school year, except for special education services provided through a school  
191 district established under sections 162.815 to 162.940 in a county with a charter  
192 form of government and with more than one million inhabitants, in which case  
193 the sum of the students in each district within the county exceeding the special  
194 education threshold of each respective district within the county shall be counted  
195 within the special district and not in the district of residence for purposes of  
196 distributing the state aid derived from the special education pupil count;

197       [(17)] **(19)** "Special education threshold" shall be calculated by dividing  
198 the total special education pupil count of every performance district that falls

199 entirely above the bottom five percent and entirely below the top five percent of  
200 average daily attendance, when such districts are rank-ordered based on their  
201 current operating expenditures per average daily attendance, by the total average  
202 daily attendance of all included performance districts;

203        [(18)] **(20)** "State adequacy target", the sum of the current operating  
204 expenditures of every performance district that falls entirely above the bottom  
205 five percent and entirely below the top five percent of average daily attendance,  
206 when such districts are rank-ordered based on their current operating  
207 expenditures per average daily attendance, divided by the total average daily  
208 attendance of all included performance districts. The department of elementary  
209 and secondary education shall first calculate the state adequacy target for fiscal  
210 year 2007 and recalculate the state adequacy target every two years using the  
211 most current available data. The recalculation shall never result in a decrease  
212 from the previous state adequacy target amount. Should a recalculation result  
213 in an increase in the state adequacy target amount, fifty percent of that increase  
214 shall be included in the state adequacy target amount in the year of recalculation,  
215 and fifty percent of that increase shall be included in the state adequacy target  
216 amount in the subsequent year. The state adequacy target may be adjusted to  
217 accommodate available appropriations;

218        [(19)] **(21)** "Teacher", any teacher, teacher-secretary, substitute teacher,  
219 supervisor, principal, supervising principal, superintendent or assistant  
220 superintendent, school nurse, social worker, counselor or librarian who shall,  
221 regularly, teach or be employed for no higher than grade twelve more than  
222 one-half time in the public schools and who is certified under the laws governing  
223 the certification of teachers in Missouri;

224        [(20)] **(22)** "Weighted average daily attendance", the average daily  
225 attendance plus the product of twenty-five hundredths multiplied by the free and  
226 reduced lunch pupil count that exceeds the free and reduced lunch threshold, plus  
227 the product of seventy-five hundredths multiplied by the number of special  
228 education pupil count that exceeds the special education threshold, plus the  
229 product of six-tenths multiplied by the number of limited English proficiency  
230 pupil count that exceeds the limited English proficiency threshold, **and**  
231 **beginning July 1, 2015, plus the product of six-tenths multiplied by the**  
232 **number of the district's gifted education pupil count that exceeds the**  
233 **gifted threshold.** For special districts established under sections 162.815 to  
234 162.940 in a county with a charter form of government and with more than one

235 million inhabitants, weighted average daily attendance shall be the average daily  
236 attendance plus the product of twenty-five hundredths multiplied by the free and  
237 reduced lunch pupil count that exceeds the free and reduced lunch threshold, plus  
238 the product of seventy-five hundredths multiplied by the sum of the special  
239 education pupil count that exceeds the threshold for each county district, plus the  
240 product of six-tenths multiplied by the limited English proficiency pupil count  
241 that exceeds the limited English proficiency threshold; **and beginning July 1,**  
242 **2015, plus the product of six-tenths multiplied by the number of the**  
243 **district's gifted education pupil count that exceeds the gifted**  
244 **threshold.** None of the districts comprising a special district established under  
245 sections 162.815 to 162.940 in a county with a charter form of government and  
246 with more than one million inhabitants, shall use any special education pupil  
247 count in calculating their weighted average daily 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 section,  
7 subtracting payments from the classroom trust fund under section 163.043.

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

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

11 (a) For the 2006-07 school year, the state revenue per weighted average  
12 daily attendance received by a district from the state aid calculation under  
13 subsections 1 and 4 of this section, as applicable, and the classroom trust fund  
14 under section 163.043 shall not be less than the state revenue received by a  
15 district in the 2005-06 school year from the foundation formula, line 14, gifted,  
16 remedial reading, exceptional pupil aid, fair share, and free textbook payment  
17 amounts multiplied by the sum of one plus the product of one-third multiplied by  
18 the remainder of the dollar value modifier minus one, and dividing this product  
19 by the weighted average daily attendance computed for the 2005-06 school year;

20 (b) For the 2007-08 school year, the state revenue per weighted average  
21 daily attendance received by a district from the state aid calculation under  
22 subsections 1 and 4 of this section, as applicable, and the classroom trust fund  
23 under section 163.043 shall not be less than the state revenue received by a



24 district in the 2005-06 school year from the foundation formula, line 14, gifted,  
25 remedial reading, exceptional pupil aid, fair share, and free textbook payment  
26 amounts multiplied by the sum of one plus the product of two-thirds multiplied  
27 by the remainder of the dollar value modifier minus one, and dividing this  
28 product by the weighted average daily attendance computed for the 2005-06  
29 school year;

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

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

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

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

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

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

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

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

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

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

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

92 (2) For the 2007-08 school year, the amount shall be thirty percent of the  
93 amount of state aid calculated for the district for the 2007-08 school year under  
94 the provisions of subsection 1 of this section, plus seventy percent of the total  
95 amount of state revenue received by the district for the 2005-06 school year from

96 the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid,  
97 fair share, and free textbook payments less any amounts received under section  
98 163.043.

99 (3) For the 2008-09 school year, the amount of state aid shall be forty-four  
100 percent of the amount of state aid calculated for the district for the 2008-09  
101 school year under the provisions of subsection 1 of this section plus fifty-six  
102 percent of the total amount of state revenue received by the district for the  
103 2005-06 school year from the foundation formula, line 14, gifted, remedial  
104 reading, exceptional pupil aid, fair share, and free textbook payments less any  
105 amounts received under section 163.043.

106 (4) For the 2009-10 school year, the amount of state aid shall be fifty-eight  
107 percent of the amount of state aid calculated for the district for the 2009-10  
108 school year under the provisions of subsection 1 of this section plus forty-two  
109 percent of the total amount of state revenue received by the district for the  
110 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  
112 amounts received under section 163.043.

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

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

127 (7) (a) Notwithstanding subdivision [(18)] **(20)** of section 163.011, the  
128 state adequacy target may not be adjusted downward to accommodate available  
129 appropriations in any year governed by this subsection.

130 (b) a. For the 2006-07 school year, if a school district experiences a  
131 decrease in summer school average daily attendance of more than twenty percent

132 from the district's 2005-06 summer school average daily attendance, an amount  
133 equal to the product of the percent reduction that is in excess of twenty percent  
134 of the district's summer school average daily attendance multiplied by the funds  
135 generated by the district's summer school program in the 2005-06 school year  
136 shall be subtracted from the district's current year payment amount.

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

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

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

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

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

165         5. For any school district meeting the eligibility criteria for state aid as  
166 established in section 163.021, but which is considered an option district under  
167 section 163.042 and therefore receives no state aid, the commissioner of education

168 shall present a plan to the superintendent of the school district for the waiver of  
169 rules and the duration of said waivers, in order to promote flexibility in the  
170 operations of the district and to enhance and encourage efficiency in the delivery  
171 of instructional services as provided in section 163.042.

172         6. (1) No less than seventy-five percent of the state revenue received  
173 under the provisions of subsections 1, 2, and 4 of this section shall be placed in  
174 the teachers' fund, and the remaining percent of such moneys shall be placed in  
175 the incidental fund. No less than seventy-five percent of one-half of the funds  
176 received from the school district trust fund distributed under section 163.087  
177 shall be placed in the teachers' fund. One hundred percent of revenue received  
178 under the provisions of section 163.161 shall be placed in the incidental  
179 fund. One hundred percent of revenue received under the provisions of sections  
180 168.500 to 168.515 shall be placed in the teachers' fund.

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

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

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

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

200         7. If a school district's annual audit discloses that students were  
201 inappropriately identified as eligible for free and reduced lunch, special  
202 education, or limited English proficiency, **or that funding generated by the**  
203 **gifted education pupil count was expended on matters not directly**

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

Unofficial ✓

Bill

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