

SECOND REGULAR SESSION

SENATE BILL NO. 825

97TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR CHAPPELLE-NADAL.

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TERRY L. SPIELER, Secretary.

5777S.011

AN ACT

To repeal section 163.011, RSMo, and to enact in lieu thereof one new section relating to state funding for elementary and secondary education.

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

Section A. Section 163.011, RSMo, is repealed and one new section
2 enacted in lieu thereof, to be known as section 163.011, 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) "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
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", **for school districts not**
89 **eligible for the USDA Community Eligibility Option**, the number of pupils
90 eligible for free and reduced lunch on the last Wednesday in January for the
91 preceding school year who were enrolled as students of the district, as approved
92 by the department in accordance with applicable federal regulations. **For school**

93 **districts that are eligible to choose the USDA Community Eligibility**
94 **Option, the free and reduced lunch pupil count shall be the percentage**
95 **of free and reduced lunch students calculated as eligible on the last**
96 **Wednesday in January of the most recent school year that included**
97 **household applications to determine free and reduced lunch count**
98 **multiplied by the district's average daily attendance figure;**

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

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

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

125 (10) "Local effort":

126 (a) For the fiscal year 2007 calculation, "local effort" shall be computed as
127 the equalized assessed valuation of the property of a school district in calendar
128 year 2004 divided by one hundred and multiplied by the performance levy less the

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

144 (b) In every year subsequent to fiscal year 2007, "local effort" shall be the
145 amount calculated under paragraph (a) of this subdivision plus any increase in
146 the amount received for school purposes from fines. If a district's assessed
147 valuation has decreased subsequent to the calculation outlined in paragraph (a)
148 of this subdivision, the district's local effort shall be calculated using the district's
149 current assessed valuation in lieu of the assessed valuation utilized in the
150 calculation outlined in paragraph (a) of this subdivision. **When a change in a**
151 **school district's boundary lines occurs because of a boundary line**
152 **change, annexation, attachment, consolidation, reorganization, or**
153 **dissolution under section 162.071, 162.081, sections 162.171 to 162.201,**
154 **section 162.221, 162.223, 162.431, 162.441, or 162.451, or in the event that**
155 **a school district assumes any territory from a district that ceases to**
156 **exist for any reason, the department of elementary and secondary**
157 **education shall make a proper adjustment to each affected district's**
158 **local effort, so that each district's local effort figure conforms to the**
159 **new boundary lines of the district. The department shall compute the**
160 **local effort figure by applying the calendar year 2004 assessed**
161 **valuation data to the new land areas resulting from the boundary line**
162 **change, annexation, attachment, consolidation, reorganization, or**
163 **dissolution and otherwise follow the procedures described in this**
164 **subdivision;**

165 (11) "Membership" shall be the average of:

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

170 (b) The number of resident full-time students and the full-time equivalent
171 number of part-time students who were enrolled in the public schools of the
172 district on the last Wednesday in January of the previous year and who were in
173 attendance one day or more during the preceding ten school days, plus the
174 full-time equivalent number of summer school pupils. "Full-time equivalent
175 number of part-time students" is determined by dividing the total number of
176 hours for which all part-time students are enrolled by the number of hours in the
177 school term. "Full-time equivalent number of summer school pupils" is
178 determined by dividing the total number of hours for which all summer school
179 pupils were enrolled by the number of hours required pursuant to section 160.011
180 in the school term. Only students eligible to be counted for average daily
181 attendance shall be counted for membership;

182 (12) "Operating levy for school purposes", the sum of tax rates levied for
183 teachers' and incidental funds plus the operating levy or sales tax equivalent
184 pursuant to section 162.1100 of any transitional school district containing the
185 school district, in the payment year, not including any equalized operating levy
186 for school purposes levied by a special school district in which the district is
187 located;

188 (13) "Performance district", any district that has met all performance
189 standards and indicators as established by the department of elementary and
190 secondary education for purposes of accreditation under section 161.092 and as
191 reported on the final annual performance report for that district each year;

192 (14) "Performance levy", three dollars and forty-three cents;

193 (15) "School purposes" pertains to teachers' and incidental funds;

194 (16) "Special education pupil count", the number of public school students
195 with a current individualized education program or services plan and receiving
196 services from the resident district as of December first of the preceding school
197 year, except for special education services provided through a school district
198 established under sections 162.815 to 162.940 in a county with a charter form of
199 government and with more than one million inhabitants, in which case the sum
200 of the students in each district within the county exceeding the special education

201 threshold of each respective district within the county shall be counted within the
202 special district and not in the district of residence for purposes of distributing the
203 state aid derived from the special education pupil count;

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

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

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

231 (20) "Weighted average daily attendance", the average daily attendance
232 plus the product of twenty-five hundredths multiplied by the free and reduced
233 lunch pupil count that exceeds the free and reduced lunch threshold, plus the
234 product of seventy-five hundredths multiplied by the number of special education
235 pupil count that exceeds the special education threshold, plus the product of
236 six-tenths multiplied by the number of limited English proficiency pupil count

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

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