

FIRST REGULAR SESSION

# HOUSE BILL NO. 55

## 92ND GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES JOHNSON (47), CAMPBELL, YATES, LeVOTA, SAGER,  
DUSENBERG, PRATT (Co-sponsors), ST. ONGE AND DAVIS (122).

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TED WEDEL, Chief Clerk

0332L.021

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### AN ACT

To repeal section 163.031, RSMo, and to enact in lieu thereof one new section relating to state aid, with an effective date.

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

Section A. Section 163.031, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 163.031, to read as follows:

163.031. 1. School districts which meet the requirements of section 163.021 shall be entitled to an amount computed as follows: an amount determined by multiplying the number of eligible pupils by the [lesser of the] district's equalized operating levy for school purposes as defined in section 163.011 [or two dollars and seventy-five cents per one hundred dollars assessed valuation] multiplied by the guaranteed tax base per eligible pupil times the proration factor [plus an amount determined by multiplying the number of eligible pupils by the greater of zero or the district's equalized operating levy for school purposes as defined in section 163.011 minus two dollars and seventy-five cents per one hundred dollars assessed valuation multiplied by the guaranteed tax base per eligible pupil times the proration factor]. For the purposes of this section, the proration factor shall be equal to the sum of the total appropriation for distribution under subsections 1 and 2 of this section; and the state total of the deductions as calculated in subsection 2 of this section which do not exceed the district entitlements as adjusted by the same proration factor; divided by the amount of the state total of district entitlements before proration as calculated pursuant to this subsection[]; provided that, if the proration factor so calculated is greater than one, the proration factor for line 1(b) shall be the greater of one or the proration factor for line 1(a) minus five hundredths, and provided that if the proration factor

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

17 so calculated is less than one, the proration factor for line 1(a) shall be the lesser of one or the  
18 proration factor for line 1(b) plus five hundredths].

19 2. From the district entitlement for each district there shall be deducted the following  
20 amounts: an amount determined by multiplying the district equalized assessed valuation by the  
21 district's equalized operating levy for school purposes times the district income factor plus ninety  
22 percent of any payment received the current year of protested taxes due in prior years no earlier  
23 than the 1997 tax year minus the amount of any protested taxes due in the current year and for  
24 which notice of protest was received during the current year; one hundred percent of the amount  
25 received the previous year for school purposes from intangible taxes, fines, forfeitures and  
26 escheats, [payments in lieu of taxes and] receipts from state assessed railroad and utility tax,  
27 except that any penalty paid after July 1, 1995, by a concentrated animal feeding operation as  
28 defined by the department of natural resources rule shall not be included; one hundred percent  
29 of the amounts received the previous year for school purposes from federal properties pursuant  
30 to sections 12.070 and 12.080, RSMo; federal impact aid received the previous year for school  
31 purposes pursuant to P.L. 81-874 less fifty thousand dollars multiplied by ninety percent or the  
32 maximum percentage allowed by federal regulation if that percentage is less than ninety; fifty  
33 percent, or the percentage otherwise provided in section 163.087 of Proposition C revenues  
34 received the previous year for school purposes from the school district trust fund pursuant to  
35 section 163.087; one hundred percent of the amount received the previous year for school  
36 purposes from the fair share fund pursuant to section 149.015, RSMo; and one hundred percent  
37 of the amount received the previous year for school purposes from the free textbook fund,  
38 pursuant to section 148.360, RSMo.

39 3. School districts which meet the requirements of section 163.021 shall receive  
40 categorical add-on revenue as provided in this subsection. There shall be individual proration  
41 factors for each categorical entitlement provided for in this subsection, and each proration factor  
42 shall be determined by annual appropriations, but no categorical proration factor shall exceed the  
43 entitlement proration factor established pursuant to subsection 1 of this section, except that the  
44 vocational education entitlement proration factor established pursuant to line 16 of subsection  
45 6 of this section and the educational and screening program entitlements proration factor  
46 established pursuant to line 17 of subsection 6 of this section may exceed the entitlement  
47 proration factor established pursuant to subsection 1 of this section. The categorical add-on for  
48 the district shall be the sum of: seventy-five percent of the costs of adopting and providing a  
49 violence prevention program pursuant to section 161.650, RSMo, multiplied by the proration  
50 factor; seventy-five percent of the district allowable transportation costs pursuant to section  
51 163.161 multiplied by the proration factor; the special education approved or allowed cost  
52 entitlement for the district, provided for by section 162.975, RSMo, multiplied by the proration

53 factor; seventy-five percent of the district gifted education approved or allowable cost  
54 entitlement as determined pursuant to section 162.975, RSMo, multiplied by the proration factor;  
55 the free and reduced lunch eligible pupil count for the district, as defined in section 163.011,  
56 multiplied by twenty percent, for a district with an operating levy in excess of two dollars and  
57 seventy-five cents per one hundred dollars assessed valuation, or twenty-two percent, otherwise  
58 times the guaranteed tax base per eligible pupil times two dollars and seventy-five cents per one  
59 hundred dollars assessed valuation times the proration factor plus the free and reduced lunch  
60 eligible pupil count for the district, as defined in section 163.011, times thirty percent times the  
61 guaranteed tax base per eligible pupil times the following quantity: ((the greater of zero or the  
62 district's operating levy for school purposes minus two dollars and seventy-five cents per one  
63 hundred dollars assessed valuation) times one or, beginning in the fifth year following the  
64 effective date of this section, the quotient of the district's fiscal instructional ratio of efficiency  
65 for the prior year divided by the fiscal year 1998 statewide average fiscal instructional ratio of  
66 efficiency, if the district's prior year fiscal instructional ratio of efficiency is at least five percent  
67 below the fiscal year 1998 statewide average) times the proration factor, minus court-ordered  
68 state desegregation aid received by the district for operating purposes; the career ladder  
69 entitlement for the district, as provided for in sections 168.500 to 168.515, RSMo, multiplied by  
70 the proration factor; the vocational education entitlement for the district, as provided for in  
71 section 167.332, RSMo, multiplied by the proration factor and the district educational and  
72 screening program entitlements as provided for in sections 178.691 to 178.699, RSMo, times the  
73 proration factor.

74 4. Each district's apportionment shall be the prorated categorical add-ons plus the greater  
75 of the district's prorated entitlement minus the total deductions for the district or zero.

76 5. (1) In the 1993-94 school year and all subsequent school years, pursuant to section  
77 10(c) of article X of the state constitution, a school district shall adjust upward its operating levy  
78 for school purposes to the extent necessary for the district to at least maintain the current  
79 operating expenditures per pupil received by the district from all sources in the 1992-93 school  
80 year, except that its operating levy for school purposes shall not exceed the highest tax rate in  
81 effect subsequent to the 1980 tax year, or the minimum rate required by subsection 2 of section  
82 163.021, whichever is less.

83 (2) The revenue per eligible pupil received by a district from the following sources: line  
84 1 minus line 10, or zero if line 1 minus line 10 is less than zero, plus line 14 of subsection 6 of  
85 this section, shall not be less than the revenue per eligible pupil received by a district in the  
86 1992-93 school year from the foundation formula entitlement payment amount plus the amount  
87 of line 14 per eligible pupil that exceeds the line 14 per pupil amount from the 1997-98 school  
88 year, or the revenue per eligible pupil received by a district in the 1992-93 school year from the

89 foundation formula entitlement payment amount plus the amount of line 14(a) per eligible pupil  
90 times the quotient of line 1 minus line 10, divided by the number of eligible pupils, or zero if line  
91 1 minus line 10 is less than zero, divided by the revenue per eligible pupil received by the district  
92 in the 1992-93 school year from the foundation formula entitlement payment amount, whichever  
93 is greater. The department of elementary and secondary education shall make an addition in the  
94 payment amount of line 19 of subsection 6 of this section to assure compliance with the  
95 provisions contained in this section.

96 (3) For any school district which meets the eligibility criteria for state aid as established  
97 in section 163.021, but which under subsections 1 to 4 of this section, receives no state aid for  
98 two successive school years, other than categorical add-ons, by August first following the second  
99 such school year, the commissioner of education shall present a plan to the superintendent of the  
100 school district for the waiver of rules and the duration of said waivers, in order to promote  
101 flexibility in the operations of the district and to enhance and encourage efficiency in the delivery  
102 of instructional services. The provisions of other law to the contrary notwithstanding, the plan  
103 presented to the superintendent shall provide a summary waiver, with no conditions, for the pupil  
104 testing requirements pursuant to section 160.257, RSMo. Further, the provisions of other law  
105 to the contrary notwithstanding, the plan shall detail a means for the waiver of requirements  
106 otherwise imposed on the school district related to the authority of the state board of education  
107 to classify school districts pursuant to section 161.092, RSMo, and such other rules as  
108 determined by the commissioner of education, except that such waivers shall not include the  
109 provisions established pursuant to sections 160.514 and 160.518, RSMo.

110 (4) In the 1993-94 school year and each school year thereafter for two years, those  
111 districts which are entitled to receive state aid under subsections 1 to 4 of this section, shall  
112 receive state aid in an amount per eligible pupil as provided in this subsection. For the 1993-94  
113 school year, the amount per eligible pupil shall be twenty-five percent of the amount of state aid  
114 per eligible pupil calculated for the district for the 1993-94 school year pursuant to subsections  
115 1 to 4 of this section plus seventy-five percent of the total amount of state aid received by the  
116 district from all sources for the 1992-93 school year for which the district is entitled and which  
117 are distributed in the 1993-94 school year pursuant to subsections 1 to 4 of this section. For the  
118 1994-95 school year, the amount per eligible pupil shall be fifty percent of the amount of state  
119 aid per eligible pupil calculated for the district for the 1994-95 school year pursuant to  
120 subsections 1 to 4 of this section plus fifty percent of the total amount of state aid received by  
121 the district from all sources for the 1992-93 school year for which the district is entitled and  
122 which are distributed in the 1994-95 school year pursuant to subsections 1 to 4 of this section.  
123 For the 1995-96 school year, the amount of state aid per eligible pupil shall be seventy-five  
124 percent of the amount of state aid per eligible pupil calculated for the district for the 1995-96

125 school year pursuant to subsections 1 to 4 of this section plus twenty-five percent of the total  
 126 amount of state aid received by the district from all sources for the 1992-93 school year for  
 127 which the district is entitled and which are distributed in the 1995-96 school year pursuant to  
 128 subsections 1 to 4 of this section. Nothing in this subdivision shall be construed to limit the  
 129 authority of a school district to raise its district operating levy pursuant to subdivision (1) of this  
 130 subsection.

131 (5) If the total of state aid apportionments to all districts pursuant to subdivision (3) of  
 132 this subsection is less than the total of state aid apportionments calculated pursuant to  
 133 subsections 1 to 4 of this section, then the difference shall be deposited in the outstanding  
 134 schools trust fund. If the total of state aid apportionments to all districts pursuant to subdivision  
 135 (1) of this subsection is greater than the total of state aid apportionments calculated pursuant to  
 136 subsections 1 to 4 of this section, then funds shall be transferred from the outstanding schools  
 137 trust fund to the state school moneys fund to the extent necessary to fund the district entitlements  
 138 as modified by subdivision (4) of this subsection for that school year with a district entitlement  
 139 proration factor no less than one and such transfer shall be given priority over all other uses for  
 140 the outstanding schools trust fund as otherwise provided by law.

141 6. State aid shall be determined as follows:

142 District Entitlement

143 [1(a).] 1. Number of eligible pupils x ([lesser of] district's equalized operating levy for school  
 144 purposes [or two dollars and seventy-five cents per one hundred dollars assessed valuation]) x  
 145 (proration x GTB per EP) ..... \$.....

146 [1(b). Number of eligible pupils x (greater of: 0, or district's equalized operating levy for  
 147 school purposes minus two dollars and seventy-five cents per one hundred dollars assessed  
 148 valuation) x (proration x GTB per EP) ..... \$.....]

149 Deductions

150 2. District equalized assessed valuation x district income factor x district's equalized operating  
 151 levy for school purposes plus ninety percent of any payment received the current year of  
 152 protested taxes due in prior years no earlier than the 1997 tax year minus the amount of any  
 153 protested taxes due in the current year and for which notice of protest was received during the  
 154 current year ..... \$.....

155 3. Intangible taxes, fines, forfeitures, escheats, [payments in lieu of taxes,] etc. (100% of the  
 156 amount received the previous year for school purposes) ..... \$.....

157 4. Receipts from state assessed railroad and utility tax (100% of the amount received the  
 158 previous year for school  
 159 purposes) ..... \$.....

160 5. Receipts from federal properties pursuant to sections 12.070 and 12.080, RSMo (100% of

161 the amount received the previous year for school purposes) . . . . . \$.....

162 6. (Federal impact aid received the previous year for school purposes pursuant to P.L. 81-874

163 less \$50,000) x 90% or the maximum percentage allowed by federal regulations if less than 90%

164 . . . . . \$.....

165 7. Fifty percent or the percentage otherwise provided in section 163.087 of Proposition C

166 receipts from the school district trust fund received the previous year for school purposes

167 pursuant to section 163.087 . . . . . \$.....

168 8. One hundred percent of the amount received the previous year for school purposes from the

169 fair share fund pursuant to section 149.015, RSMo . . . . . \$.....

170 9. One hundred percent of the amount received the previous year for school purposes from the

171 free textbook fund pursuant to section 148.360, RSMo . . . . . \$.....

172 10. Total deductions (sum of lines 2-9) . . . . . \$.....

173 Categorical Add-ons

174 11. The amount distributed pursuant to section 163.161 x proration . . . . . \$.....

175 12. Special education approved or allowed cost entitlement for the district pursuant to section

176 162.975, RSMo, x

177 proration . . . . . \$.....

178 13. Seventy-five percent of the gifted education approved or allowable cost entitlement as

179 determined pursuant to section 162.975, RSMo, x proration . . . . . \$.....

180 14(a). Free and reduced lunch eligible pupil count for the district, as defined in section 163.011,

181 x .20, if operating levy in excess of \$2.75, or .22, otherwise x GTB per EP x \$2.75 per \$100 AV

182 x proration . . . . . \$.....

183 14(b). Free and reduced lunch eligible pupil count for the district, as defined in section 163.011

184 x .30 x GTB x ((the greater of zero or the district's adjusted operating levy minus \$2.75 per \$100

185 AV) x (1.0 or, beginning in the fifth year following the effective date of this section, the district's

186 FIRE for the prior year/statewide average FIRE for FY 1998, if the district's prior year FIRE is

187 at least five percent below the FY 1998 statewide average FIRE) x proration) - court-ordered

188 state desegregation aid received by the district for operating purposes . . . . . \$.....

189 15. Career ladder entitlement for the district as provided for in sections 168.500 to 168.515,

190 RSMo, x proration . . . . . \$.....

191 16. Vocational education entitlements for the district as provided in section 167.332, RSMo,

192 x proration . . . . . \$.....

193 17. Educational and screening program entitlements for the district as provided in sections

194 178.691 to 178.699, RSMo, x proration . . . . . \$.....

195 18. Sum of categorical add-ons for the district (sum of lines 11-17) . . . . . \$.....

196 19. District apportionment (line 18 plus the greater of line 1 minus line 10 or zero) . . \$.....

197           7. Revenue received for school purposes by each school district pursuant to this section  
198 shall be placed in each of the incidental and teachers' funds based on the ratio of the property tax  
199 rate in the district for that fund to the total tax rate in the district for the two funds.

200           8. In addition to the penalty for line 14 described in subsection 6 of this section,  
201 beginning in school year 2004-05, any increase in a school district's funds received pursuant to  
202 line 14 of subsection 6 of this section over the 1997-98 school year shall be reduced by one  
203 percent for each full percentage point the percentage of the district's pupils scoring at or above  
204 five percent below the statewide average level on either mathematics or reading is less than  
205 sixty-five percent.

206           9. If a school district's annual audit discloses that students were inappropriately identified  
207 as eligible for free or reduced-price lunch and the district does not resolve the audit finding, the  
208 department of elementary and secondary education shall require that the amount of line 14 aid  
209 paid on the inappropriately identified pupils be repaid by the district in the next school year and  
210 shall additionally impose a penalty of one hundred percent of the line 14 aid paid on such pupils,  
211 which penalty shall also be paid within the next school year. Such amounts may be repaid by  
212 the district through the withholding of the amount of state aid.

          Section B. The repeal and reenactment of section 163.031 of section A of this act shall  
2   become effective on July 1, 2004.