

FIRST REGULAR SESSION

HOUSE BILL NO. 423

92ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES ICET, ST. ONGE, JACKSON, AVERY,
STEFANICK AND CUNNINGHAM (86) (Co-sponsors).

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STEPHEN S. DAVIS, Chief Clerk

1473L.011

AN ACT

To repeal section 163.031, RSMo, and to enact in lieu thereof one new section relating to state school aid to school districts.

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Section A. Section 163.031, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 163.031, to read as follows: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

EXPLANATION — Matter enclosed in bold faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law. Matter in boldface type in the above law is new proposed language.

16 proration factor for line 1(a) minus five hundredths, and provided that if the proration factor so
17 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

entitlement for the district, provided for by section 162.975, RSMo, multiplied by the proration factor; seventy-five percent of the district gifted education approved or allowable cost entitlement as determined pursuant to section 162.975, RSMo, multiplied by the proration factor; the free and reduced lunch eligible pupil count for the district, as defined in section 163.011, multiplied by twenty percent, for a district with an operating levy in excess of two dollars and seventy-five cents per one hundred dollars assessed valuation, or twenty-two percent, otherwise times the guaranteed tax base per eligible pupil times two dollars and seventy-five cents per one hundred dollars assessed valuation times the proration factor plus the free and reduced lunch eligible pupil count for the district, as defined in section 163.011, times thirty percent times the guaranteed tax base per eligible pupil times the following quantity: ((the greater of zero or the district's operating levy for school purposes minus two dollars and seventy-five cents per one hundred dollars assessed valuation) times one or, beginning in the fifth year following the effective date of this section, the quotient of the district's fiscal instructional ratio of efficiency for the prior year divided by the fiscal year 1998 statewide average fiscal instructional ratio of efficiency, if the district's prior year fiscal instructional ratio of efficiency is at least five percent below the fiscal year 1998 statewide average) times the proration factor, minus court-ordered state desegregation aid received by the district for operating purposes **provided that an increase in the payment amount of line 14(a) shall be made by the department of elementary and secondary education, if needed, to ensure that a district receives no less total revenue from lines 14(a) and 14(b) than the district would receive if it levied an operating levy no greater than two dollars and seventy-five cents per one hundred dollars assessed valuation;** the career ladder entitlement for the district, as provided for in sections 168.500 to 168.515, RSMo, multiplied by the proration factor; the vocational education entitlement for the district, as provided for in section 167.332, RSMo, multiplied by the proration factor and the district educational and screening program entitlements as provided for in sections 178.691 to 178.699, RSMo, times the proration factor.

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

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

(2) The revenue per eligible pupil received by a district from the following sources: line

88 1 minus line 10, or zero if line 1 minus line 10 is less than zero, plus line 14 of subsection 6 of
89 this section, shall not be less than the revenue per eligible pupil received by a district in the
90 1992-93 school year from the foundation formula entitlement payment amount plus the amount
91 of line 14 per eligible pupil that exceeds the line 14 per pupil amount from the 1997-98 school
92 year, or the revenue per eligible pupil received by a district in the 1992-93 school year from the
93 foundation formula entitlement payment amount plus the amount of line 14(a) per eligible pupil
94 times the quotient of line 1 minus line 10, divided by the number of eligible pupils, or zero if line
95 1 minus line 10 is less than zero, divided by the revenue per eligible pupil received by the district
96 in the 1992-93 school year from the foundation formula entitlement payment amount, whichever
97 is greater. The department of elementary and secondary education shall make an addition in the
98 payment amount of line 19 of subsection 6 of this section to assure compliance with the
99 provisions contained in this section. **The line 14 per eligible pupil amount for 1997-98 will**
100 **be recalculated to exclude the voluntary transfer students originally in the calculation.**

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

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

124 the amount of state aid per eligible pupil calculated for the district for the 1994-95 school year
 125 pursuant to subsections 1 to 4 of this section plus fifty percent of the total amount of state aid
 126 received by the district from all sources for the 1992-93 school year for which the district is
 127 entitled and which are distributed in the 1994-95 school year pursuant to subsections 1 to 4 of
 128 this section. For the 1995-96 school year, the amount of state aid per eligible pupil shall be
 129 seventy-five percent of the amount of state aid per eligible pupil calculated for the district for the
 130 1995-96 school year pursuant to subsections 1 to 4 of this section plus twenty-five percent of the
 131 total amount of state aid received by the district from all sources for the 1992-93 school year for
 132 which the district is entitled and which are distributed in the 1995-96 school year pursuant to
 133 subsections 1 to 4 of this section. Nothing in this subdivision shall be construed to limit the
 134 authority of a school district to raise its district operating levy pursuant to subdivision (1) of this
 135 subsection.

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

146 6. State aid shall be determined as follows:

147 District Entitlement

148 1(a). Number of eligible pupils x (lesser of district's equalized operating levy for school
 149 purposes or two dollars and seventy-five cents per one hundred dollars assessed valuation)
 150 x (proration x GTB per EP) \$.....

151 1(b). Number of eligible pupils x (greater of: 0, or district's equalized operating levy for school
 152 purposes minus two dollars and seventy-five cents per one hundred dollars assessed
 153 valuation) x (proration x GTB per EP) \$.....

154 Deductions

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

160	3. Intangible taxes, fines, forfeitures, escheats, payments in lieu of taxes, etc. (100% of the	
161	amount received the previous year for school purposes)	\$.....
162	4. Receipts from state assessed railroad and utility tax (100% of the amount received the	
163	previous year for school purposes)	\$.....
164	5. Receipts from federal properties pursuant to sections 12.070 and 12.080, RSMo (100% of	
165	the amount received the previous year for school purposes)	\$.....
166	6. (Federal impact aid received the previous year for school purposes pursuant to P.L. 81-874	
167	less \$50,000) x 90% or the maximum percentage allowed by federal regulations if less than 90%	
168	\$.....
169	7. Fifty percent or the percentage otherwise provided in section 163.087 of Proposition C	
170	receipts from the school district trust fund received the previous year for school purposes	
171	pursuant to section 163.087	\$.....
172	8. One hundred percent of the amount received the previous year for school purposes from the	
173	fair share fund pursuant to section 149.015, RSMo.	\$.....
174	9. One hundred percent of the amount received the previous year for school purposes from the	
175	free textbook fund pursuant to section 148.360, RSMo	\$.....
176	10. Total deductions (sum of lines 2-9)	\$.....
177	Categorical Add-ons	
178	11. The amount distributed pursuant to section 163.161 x proration	\$.....
179	12. Special education approved or allowed cost entitlement for the district pursuant to section	
180	162.975, RSMo, x proration	\$.....
181	13. Seventy-five percent of the gifted education approved or allowable cost entitlement as	
182	determined pursuant to section 162.975, RSMo, x proration	\$.....
183	14(a). Free and reduced lunch eligible pupil count for the district, as defined in section 163.011,	
184	x .20, if operating levy in excess of \$2.75, or .22, otherwise x GTB per EP x \$2.75 per \$100 AV	
185	x proration	\$.....
186	14(b). Free and reduced lunch eligible pupil count for the district, as defined in section 163.011	
187	x .30 x GTB x ((the greater of zero or the district's adjusted operating levy minus \$2.75 per \$100	
188	AV) x (1.0 or, beginning in the fifth year following the effective date of this section, the district's	
189	FIRE for the prior year/statewide average FIRE for FY 1998, if the district's prior year FIRE is	
190	at least five percent below the FY 1998 statewide average FIRE) x proration) - court-ordered	
191	state desegregation aid received by the district for operating purposes	\$.....
192	15. Career ladder entitlement for the district as provided for in sections 168.500 to 168.515,	
193	RSMo, x proration	\$.....
194	16. Vocational education entitlements for the district as provided in section 167.332, RSMo,	
195	x proration	\$.....

196 17. Educational and screening program entitlements for the district as provided in sections
197 178.691 to 178.699, RSMo, x proration \$.....
198 18. Sum of categorical add-ons for the district (sum of lines 11-17) \$.....
199 19. District apportionment (line 18 plus the greater of line 1 minus line 10 or zero). . . \$.....
200 7. Revenue received for school purposes by each school district pursuant to this section
201 shall be placed in each of the incidental and teachers' funds based on the ratio of the property tax
202 rate in the district for that fund to the total tax rate in the district for the two funds.
203 8. In addition to the penalty for line 14 described in subsection 6 of this section,
204 beginning in school year 2004-05, any increase in a school district's funds received pursuant to
205 line 14 of subsection 6 of this section over the 1997-98 school year shall be reduced by one
206 percent for each full percentage point the percentage of the district's pupils scoring at or above
207 five percent below the statewide average level on either mathematics or reading is less than
208 sixty-five percent.
209 9. If a school district's annual audit discloses that students were inappropriately identified
210 as eligible for free or reduced-price lunch and the district does not resolve the audit finding, the
211 department of elementary and secondary education shall require that the amount of line 14 aid
212 paid on the inappropriately identified pupils be repaid by the district in the next school year and
213 shall additionally impose a penalty of one hundred percent of the line 14 aid paid on such pupils,
214 which penalty shall also be paid within the next school year. Such amounts may be repaid by
215 the district through the withholding of the amount of state aid.