

FIRST REGULAR SESSION

HOUSE BILL NO. 745

92ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES STEVENSON, BEARDEN, ICET, COOPER (120),
HUNTER (Co-sponsors) AND PEARCE.

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STEPHEN S. DAVIS, Chief Clerk

2094L.011

AN ACT

To repeal sections 160.530, 163.011, and 163.036, RSMo, and to enact in lieu thereof three new sections relating to the calculation of certain existing elements of state school aid, with an emergency clause for a certain section.

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

Section A. Sections 160.530, 163.011, and 163.036, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 160.530, 163.011, and 163.036, to read as follows:

160.530. 1. Beginning with fiscal year 1994 and for all fiscal years thereafter, in order to be eligible for state aid distributed pursuant to section 163.031, RSMo, a school district shall allocate one percent of moneys received pursuant to section 163.031, RSMo, exclusive of categorical add-ons, to the professional development committee of the district as established in subdivision (1) of subsection 4 of section 168.400, RSMo. Of the moneys allocated to the professional development committee in any fiscal year as specified by this subsection, seventy-five percent of such funds shall be spent in the same fiscal year for purposes determined by the professional development committee after consultation with the administrators of the school district and approved by the local board of education as meeting the objectives of a school improvement plan of the district that has been developed by the local board. Moneys expended for staff training pursuant to any provisions of this act shall not be considered in determining requirements for school districts imposed by this subsection.

2. Beginning with fiscal year [1994] **2004** and for all fiscal years thereafter, ninety percent of **one-half of** one percent of moneys appropriated to the department of elementary and

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 proposed language.

15 secondary education otherwise distributed to the public schools of the state pursuant to the
16 provisions of section 163.031, RSMo, exclusive of categorical add-ons, shall be distributed by
17 the commissioner of education to address statewide areas of critical need for learning and
18 development as determined by rule and regulation of the state board of education with the advice
19 of the commission established by section 160.510 and the advisory council provided by
20 subsection 1 of section 168.015, RSMo. The moneys described in this subsection may be
21 distributed by the commissioner of education to colleges, universities, private associations,
22 professional education associations, statewide associations organized for the benefit of members
23 of boards of education, public elementary and secondary schools, and other associations and
24 organizations that provide professional development opportunities for teachers, administrators,
25 family literacy personnel and boards of education for the purpose of addressing statewide areas
26 of critical need, provided that subdivisions (1), (2) and (3) of this subsection shall constitute
27 priority uses for such moneys. "Statewide areas of critical need for learning and development"
28 shall include:

29 (1) Funding the operation of state management teams in districts with academically
30 deficient schools and providing resources specified by the management team as needed in such
31 districts;

32 (2) Funding for grants to districts, upon application to the department of elementary and
33 secondary education, for resources identified as necessary by the district, for those districts which
34 are failing to achieve assessment standards;

35 (3) Funding for family literacy programs;

36 (4) Ensuring that all children, especially children at risk, children with special needs, and
37 gifted students are successful in school;

38 (5) Increasing parental involvement in the education of their children;

39 (6) Providing information which will assist public school administrators and teachers
40 in understanding the process of site-based decision making;

41 (7) Implementing recommended curriculum frameworks as outlined in section 160.514;

42 (8) Training in new assessment techniques for students;

43 (9) Cooperating with law enforcement authorities to expand successful antidrug
44 programs for students;

45 (10) Strengthening existing curricula of local school districts to stress drug and alcohol
46 prevention;

47 (11) Implementing and promoting programs to combat gang activity in urban areas of
48 the state;

49 (12) Establishing family schools, whereby such schools adopt proven models of one-stop
50 state services for children and families;

51 (13) Expanding adult literacy services; and
52 (14) Training of members of boards of education in the areas deemed important for the
53 training of effective board members as determined by the state board of education.

54 3. Beginning with fiscal year [1994] **2004** and for all fiscal years thereafter, ten percent
55 of **one-half of** one percent of moneys appropriated to the department of elementary and
56 secondary education otherwise distributed to the public schools of the state pursuant to the
57 provisions of section 163.031, RSMo, exclusive of categorical add-ons, shall be distributed in
58 grant awards by the state board of education, by rule and regulation, for the "Success Leads to
59 Success" grant program, which is hereby created. The purpose of the success leads to success
60 grant program shall be to recognize, disseminate and exchange information about the best
61 professional teaching practices and programs in the state that address student needs, and to
62 encourage the staffs of schools with these practices and programs to develop school-to-school
63 networks to share these practices and programs.

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

2 (1) "Adjusted gross income":

3 (a) "District adjusted gross income per return" shall be the total Missouri individual
4 adjusted gross income in a school district divided by the total number of Missouri income tax
5 returns filed from the school district as reported by the state department of revenue for the second
6 preceding year;

7 (b) "State adjusted gross income per return" shall be the total Missouri individual
8 adjusted gross income divided by the total number of Missouri individual income tax returns,
9 of those returns designating school districts, as reported by the state department of revenue for
10 the second preceding year;

11 (c) "District income factor" shall be one plus thirty percent of the difference of the
12 district income ratio minus one, except that the district income factor applied to the portion of
13 the assessed valuation corresponding to any increase in assessed valuation above the assessed
14 valuation of a district as of December 31, 1994, shall not exceed a value of one;

15 (d) "District income ratio" shall be the ratio of the district adjusted gross income per
16 return divided by the state adjusted gross income per return;

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

20 (3) "Average daily attendance" means the quotient or the sum of the quotients obtained
21 by dividing the total number of hours attended in a term by resident pupils between the ages of
22 five and twenty-one by the actual number of hours school was in session in that term. To the
23 average daily attendance of the following school term shall be added the full-time equivalent

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

37 (4) "Current operating costs", all expenditures for instruction and support services
38 excluding capital outlay and debt service expenditures less the revenue from federal categorical
39 sources, food service, student activities and payments from other districts;

40 (5) "District equalized assessed valuation" shall be the average of the "equalized assessed
41 valuation of the property of a school district" for the first and second preceding years;

42 (6) "District's target rate", the district's average percentage of pupils from fiscal years
43 2000 to 2005 scoring at or above the proficiency level on the statewide assessment system on
44 either mathematics or reading/communication arts plus one percentage point for each year after
45 fiscal year 2005 except that the district's target rate shall not exceed the statewide average
46 percentage from fiscal year 2000 to fiscal year 2005 scoring at or above the proficiency level on
47 the statewide assessment system on either mathematics or reading/communication arts;

48 (7) "District's tax rate ceiling", the highest tax rate ceiling in effect subsequent to the
49 1980 tax year or any subsequent year. Such tax rate ceiling shall not contain any tax levy for
50 debt service;

51 (8) "Eligible pupils" shall be the sum of the average daily attendance of the school term
52 plus the product of two times the average daily attendance for summer school; **beginning with**
53 **summer school held in the 2004 calendar year, "eligible pupil" shall be construed to have**
54 **the same meaning as "average daily attendance";**

55 (9) "Equalized assessed valuation of the property of a school district" for a given year
56 shall be determined by multiplying the assessed valuation of the real property subclasses
57 specified in section 137.115, RSMo, times the percent of true value as adjusted by the
58 department of elementary and secondary education to an equivalent sales ratio of thirty-three and
59 one-third percent and dividing by either the percent of true value as determined by the state tax

60 commission on or before March fifteenth preceding the fiscal year in which the valuation will
61 be effective as adjusted by the department of elementary and secondary education to an
62 equivalent sales ratio of thirty-three and one-third percent or the average percent of true value
63 for the highest three of the last four years as determined and certified by the state tax
64 commission, whichever is greater. To the equalized locally assessed valuation of each district
65 shall be added the assessed valuation of tangible personal property. The assessed valuation of
66 property which has previously been excluded from the tax rolls, which is being contested as not
67 being taxable and which increases the total assessed valuation of the school district by fifty
68 percent or more, shall not be included in the calculation of equalized assessed valuation under
69 this subdivision;

70 (10) "Fiscal instructional ratio of efficiency", the quotient of the sum of the district's
71 current operating costs for all kindergarten through grade twelve direct instructional and direct
72 pupil support service functions plus the costs of improvement of instruction and the cost of
73 purchased services and supplies for operation of the facilities housing those programs, excluding
74 student activities, divided by the sum of the district's current operating cost for kindergarten
75 through grade twelve, plus all tuition revenue received from other districts minus all noncapital
76 transportation costs;

77 (11) "Free and reduced lunch eligible pupil count", the number of pupils eligible for free
78 and reduced lunch on the last Wednesday in January for the preceding school year who were
79 enrolled as students of the district, as approved by the department in accordance with applicable
80 federal regulations;

81 (12) "Guaranteed tax base" means the amount of equalized assessed valuation per
82 eligible pupil guaranteed each school district by the state in the computation of state aid. To
83 compute the guaranteed tax base, school districts shall be ranked annually from lowest to highest
84 according to the amount of equalized assessed valuation per pupil. The guaranteed tax base shall
85 be based upon the amount of equalized assessed valuation per pupil of the school district in
86 which the ninety-fifth percentile of the state aggregate number of pupils falls during the third and
87 fourth preceding years and shall be equal to the state average equalized assessed valuation per
88 eligible pupil for the third and fourth preceding years times two and one hundred and sixty-seven
89 thousandths; except that, for the purposes of line 14(b) the guaranteed tax base shall be no
90 greater than the guaranteed tax base used for the 1998-99 payment year. The average equalized
91 assessed valuation per pupil shall be the quotient of the total equalized assessed valuation of the
92 state divided by the number of eligible pupils;

93 (13) "Membership" shall be the average of:

94 [(1)] (a) The number of resident full-time students and the full-time equivalent number
95 of part-time students who were enrolled in the public schools of the district on the last

96 Wednesday in September of the previous year and who were in attendance one day or more
97 during the preceding ten school days; and

98 [(2)] **(b)** The number of resident full-time students and the full-time equivalent number
99 of part-time students who were enrolled in the public schools of the district on the last
100 Wednesday in January of the previous year and who were in attendance one day or more during
101 the preceding ten school days, plus the full-time equivalent number of summer school pupils.

102

103 "Full-time equivalent number of part-time students" is determined by dividing the total number
104 of hours for which all part-time students are enrolled by the number of hours in the school term.

105 "Full-time equivalent number of summer school pupils" is determined by dividing the total
106 number of hours for which all summer school pupils were enrolled by the number of hours
107 required pursuant to section 160.011, RSMo, in the school term. Only students eligible to be
108 counted for average daily attendance shall be counted for membership;

109 (14) "Operating levy for school purposes" for districts making transfers pursuant to
110 subsection 4 of section 165.011, RSMo, based upon amounts multiplied by the guaranteed tax
111 base, or making payments or expenditures related to obligations made pursuant to section
112 177.088, RSMo, or any combination of such transfers, payments or expenditures, means the sum
113 of tax rates levied for teachers' and incidental funds plus the operating levy or sales tax
114 equivalent pursuant to section 162.1100, RSMo, of any transitional school district containing the
115 school district, in the payment year, and, for other districts, means the sum of tax rates levied for
116 incidental, teachers', debt service and capital projects funds plus the operating levy or sales tax
117 equivalent pursuant to section 162.1100, RSMo, of any transitional school district containing the
118 school district, with no more than eighteen cents of the sum levied in the debt service and capital
119 projects funds. Any portion of the operating levy for school purposes levied in the debt service
120 and capital projects funds in excess of a sum of ten cents must be authorized by a vote of the
121 people, after August 28, 1998, approving an increase in the operating levy, or a full waiver of the
122 rollback pursuant to section 164.013, RSMo, with a tax rate ceiling in excess of the minimum
123 tax rate or an issuance of general obligation bond. The operating levy shall be, after all
124 adjustments and equalization of the operating levy, no greater than a maximum value of four
125 dollars and ninety-five cents per one hundred dollars assessed valuation, except that the operating
126 levy shall be no greater than a maximum value of four dollars and seventy cents per one hundred
127 dollars assessed valuation for the purposes of line 2 of subsection 6 of section 163.031. To
128 equalize the operating levy, multiply the aggregate tax rates for teachers' and incidental funds by
129 either the percent of true value, as determined by the state tax commission on or before March
130 fifteenth preceding the fiscal year in which the evaluation will be effective as adjusted by the
131 department of elementary and secondary education to an equivalent sales ratio of thirty-three and

one-third percent, or the average percent of true value for the highest three of the last four years as determined and certified by the state tax commission, whichever is greater, and divide by the percent of true value as adjusted by the department of elementary and secondary education to an equivalent sales ratio of thirty-three and one-third percent, provided that for any district for which the equivalent sales ratio is equal to or greater than thirty-three and one-third percent, the equalized operating levy shall be the adjusted operating levy. For any county in which the equivalent sales ratio is less than thirty-one and two-thirds percent, the state tax commission shall conduct a second study in that county and shall use a sample consisting of the parcels used as a sample in the original study combined with an equal number of newly selected parcels. If the new ratio is higher than the original ratio provided by this subdivision, the new ratio shall be used for the purposes of this subdivision and for determining equalized assessed valuation pursuant to subdivision (9) of this section. For the purposes of calculating state aid pursuant to section 163.031, for any district which has not decreased its tax rate from the previous year amount due to an increased amount of a voluntary tax rate rollback, the tax rate used to determine a district's entitlement shall be adjusted so that any decrease in the entitlement due to a decrease in the tax rate resulting from the reassessment shall equal the decrease in the deduction for the assessed valuation of the district as a result of the change in the tax rate due to reassessment. The tax rate adjustments required under this subdivision due to reassessment shall be cumulative and shall be applied each year to determine the tax rate used to calculate the entitlement;

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

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

163.036. 1. **This subsection shall be known as the "Summer School Double Count Elimination" act.** In computing the amount of state aid a school district is entitled to receive under section 163.031, a school district may use an estimate of the number of eligible pupils for the ensuing year, the number of eligible pupils for the immediately preceding year or the number of eligible pupils for the second preceding school year, whichever is greater; **provided, however, that beginning with summer school held in the 2004 calendar year, a district shall not be permitted to count eligible pupils attributable to summer school in the first or second preceding year when the district does not have a summer school in the current year unless a pupil has an individualized education plan that requires extended learning time.** [Except as otherwise provided in subsection 3 of this section,] any error made in the

11 apportionment of state aid because of a difference between the actual number of eligible pupils
12 and the estimated number of eligible pupils shall be corrected as provided in section 163.091,
13 except that if the amount paid to a district estimating eligible pupils exceeds the amount to which
14 the district was actually entitled by more than five percent, interest at the rate of six percent shall
15 be charged on the excess and shall be added to the amount to be deducted from the district's
16 apportionment the next succeeding year.

17 2. Notwithstanding the provisions of subsection 1 of this section or any other provision
18 of law, the state board of education shall make an adjustment for the immediately preceding year
19 for any increase in the actual number of eligible pupils above the number on which the state aid
20 in section 163.031 was calculated. Said adjustment shall be made in the manner providing for
21 correction of errors under subsection 1 of this section.

22 3. [(1) For any district which has, for at least five years immediately preceding the year
23 in which the error is discovered, adopted a calendar for the school term in which elementary
24 schools are in session for twelve months of each calendar year, any error made in the
25 apportionment of state aid to such district because of a difference between the actual number of
26 eligible pupils and the estimated number of eligible pupils shall be corrected as provided in
27 section 163.091 and subsection 1 of this section, except that if the amount paid exceeds the
28 amount to which the district was actually entitled by more than five percent and the district
29 provides written application to the state board requesting that the deductions be made pursuant
30 to subdivision (2) of this subsection, then the amounts shall be deducted pursuant to subdivision
31 (2) of this subsection.

32 (2) For deductions made pursuant to this subdivision, interest at the rate of six percent
33 shall be charged on the excess and shall be included in the amount deducted and the total amount
34 of such excess plus accrued interest shall be deducted from the district's apportionment in equal
35 monthly amounts beginning with the succeeding school year and extending for a period of
36 months specified by the district in its written request and no longer than sixty months.

37 4.] For the purposes of distribution of state school aid pursuant to section 163.031, a
38 school district may elect to use the district's equalized assessed valuation for the preceding year,
39 or an estimate of the current year's assessed valuation if the current year's equalized assessed
40 valuation is estimated to be more than ten percent less than the district's equalized assessed
41 valuation for the preceding year. A district shall give prior notice to the department of its
42 intention to use the current year's assessed valuation pursuant to this subsection. Any error made
43 in the apportionment of state aid because of a difference between the actual equalized assessed
44 valuation for the current year and the estimated equalized assessed valuation for the current year
45 shall be corrected as provided in section 163.091, except that if the amount paid to a district
46 estimating current equalized assessed valuation exceeds the amount to which the district was

47 actually entitled, interest at the rate of six percent shall be charged on the excess and shall be
48 added to the amount to be deducted from the district's apportionment the next succeeding year.

49 [5.] 4. For the purposes of distribution of state school aid pursuant to section 163.031,
50 a school district with ten percent or more of its assessed valuation that is owned by one person
51 or corporation as commercial or personal property who is delinquent in a property tax payment
52 may elect, after receiving notice from the county clerk on or before March fifteenth, except in
53 the year enacted, that more than ten percent of its current taxes due the preceding December
54 thirty-first by a single property owner are delinquent, to use on line 2 of the state aid formula the
55 district's equalized assessed valuation for the preceding year or the actual assessed valuation of
56 the year for which the taxes are delinquent less the assessed valuation of property for which the
57 current year's property tax is delinquent. To qualify for use of the actual assessed valuation of
58 the year for which the taxes are delinquent less the assessed valuation of property for which the
59 current year's property tax is delinquent, a district must notify the department of elementary and
60 secondary education on or before April first, except in the year enacted, of the current year
61 amount of delinquent taxes, the assessed valuation of such property for which delinquent taxes
62 are owed and the total assessed valuation of the district for the year in which the taxes were due
63 but not paid. Any district giving such notice to the department of elementary and secondary
64 education shall present verification of the accuracy of such notice obtained from the clerk of the
65 county levying delinquent taxes. When any of the delinquent taxes identified by such notice are
66 paid during a four-year period following the due date, the county clerk shall give notice to the
67 district and the department of elementary and secondary education, and state aid paid to the
68 district shall be reduced by an amount equal to the delinquent taxes received plus interest. The
69 reduction in state aid shall occur over a period not to exceed five years and the interest rate on
70 excess state aid not refunded shall be six percent annually.

71 [6.] 5. If a district receives state aid based on equalized assessed valuation as determined
72 by subsection [5] 4 of this section and if prior to such notice the district was paid state aid
73 pursuant to subdivision (2) of subsection 5 of section 163.031, the amount of state aid paid
74 during the year of such notice and the first year following shall equal the sum of state aid paid
75 pursuant to line 1 minus line 10 as defined in subsections 1, 2, 3 and 6 of section 163.031 plus
76 the difference between the state aid amount being paid after such notice minus the amount of
77 state aid the district would have received pursuant to line 1 minus line 10 as defined in
78 subsections 1, 2, 3 and 6 of section 163.031 before such notice. To be eligible to receive state
79 aid based on this provision the district must levy during the first year following such notice at
80 least the maximum levy permitted school districts by article X, section 11(b) of the Missouri
81 Constitution and have a voluntary rollback of its tax rate which is no greater than one cent per
82 one hundred dollars assessed valuation.

Section B. Because immediate action is necessary to reduce state budget deficits, the
2 repeal and reenactment of section 160.530 of section A of this act is deemed necessary for the
3 immediate preservation of the public health, welfare, peace, and safety, and the repeal and
4 reenactment of section 160.530 of section A of this act is hereby declared to be an emergency
5 act within the meaning of the constitution, and the repeal and reenactment of section 160.530 of
6 section A of this act shall be in full force and effect upon its passage and approval.