

SECOND REGULAR SESSION

HOUSE BILL NO. 897

92ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES JOHNSON (47) (Sponsor), PRATT, DUSENBERG, YATES,
CAMPBELL AND DAVIS (122) (Co-sponsors).

Pre-filed December 17, 2003, and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

2866L.011

AN ACT

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

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Section A. Section 163.031, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 163.031, to read as follows: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

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.

17 is less than one, the proration factor for line 1(a) shall be the lesser of one or the proration factor
18 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; **provided that, if the**
69 **proration factor so calculated for at-risk is greater than one, the proration factor for line**
70 **14(b) shall be the greater of one or the proration factor for line 14(a) minus five**
71 **hundredths, and provided that if the proration factor so calculated is less than one, the**
72 **proration factor for line 14(a) shall be the lesser of one or the proration factor for line 14(b)**
73 **plus five hundredths;** the career ladder entitlement for the district, as provided for in sections
74 168.500 to 168.515, RSMo, multiplied by the proration factor; the vocational education
75 entitlement for the district, as provided for in section 167.332, RSMo, multiplied by the proration
76 factor and the district educational and screening program entitlements as provided for in sections
77 178.691 to 178.699, RSMo, times the proration factor.

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

80 5. (1) In the 1993-94 school year and all subsequent school years, pursuant to section
81 10(c) of article X of the state constitution, a school district shall adjust upward its operating levy
82 for school purposes to the extent necessary for the district to at least maintain the current
83 operating expenditures per pupil received by the district from all sources in the 1992-93 school
84 year, except that its operating levy for school purposes shall not exceed the highest tax rate in
85 effect subsequent to the 1980 tax year, or the minimum rate required by subsection 2 of section
86 163.021, whichever is less.

87 (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.

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

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

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

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

145 6. State aid shall be determined as follows:

146 District Entitlement

147 [1(a.)] 1. Number of eligible pupils x ([lesser of] district's equalized operating levy for school
 148 purposes [or two dollars and seventy-five cents per one hundred dollars assessed valuation]) x
 149 (proration x GTB per EP) \$......
 150 [1(b). Number of eligible pupils x (greater of: 0, or district's equalized operating levy for school
 151 purposes minus two dollars and seventy-five cents per one hundred dollars assessed valuation)
 152 x (proration x GTB per EP) \$......]

153 Deductions

154 2. District equalized assessed valuation x district income factor x district's equalized operating
 155 levy for school purposes plus ninety percent of any payment received the current year of
 156 protested taxes due in prior years no earlier than the 1997 tax year minus the amount of any
 157 protested taxes due in the current year and for which notice of protest was received during the
 158 current year \$......
 159 3. Intangible taxes, fines, forfeitures, escheats, payments in lieu of taxes, etc. (100% of the
 160 amount received the previous year for school purposes) \$......

- 161 4. Receipts from state assessed railroad and utility tax (100% of the amount received the
- 162 previous year for school purposes) \$.....
- 163 5. Receipts from federal properties pursuant to sections 12.070 and 12.080, RSMo (100% of
- 164 the amount received the previous year for school purposes) \$.....
- 165 6. (Federal impact aid received the previous year for school purposes pursuant to P.L. 81-874
- 166 less \$50,000) x 90% or the maximum percentage allowed by federal regulations if less than 90%
- 167 \$.....
- 168 7. Fifty percent or the percentage otherwise provided in section 163.087 of Proposition C
- 169 receipts from the school district trust fund received the previous year for school purposes
- 170 pursuant to section 163.087 \$.....
- 171 8. One hundred percent of the amount received the previous year for school purposes from the
- 172 fair share fund pursuant to section 149.015, RSMo \$.....
- 173 9. One hundred percent of the amount received the previous year for school purposes from the
- 174 free textbook fund pursuant to section 148.360, RSMo \$.....
- 175 10. Total deductions (sum of lines 2-9) \$.....
- 176

Categorical Add-ons
- 177 11. The amount distributed pursuant to section 163.161 x proration \$.....
- 178 12. Special education approved or allowed cost entitlement for the district pursuant to section
- 179 162.975, RSMo, x proration \$.....
- 180 13. Seventy-five percent of the gifted education approved or allowable cost entitlement as
- 181 determined pursuant to section 162.975, RSMo, x proration \$.....
- 182 14(a). Free and reduced lunch eligible pupil count for the district, as defined in section 163.011,
- 183 x .20, if operating levy in excess of \$2.75, or .22, otherwise x GTB per EP x \$2.75 per \$100 AV
- 184 x proration \$.....
- 185 14(b). Free and reduced lunch eligible pupil count for the district, as defined in section 163.011
- 186 x .30 x GTB x ((the greater of zero or the district's adjusted operating levy minus \$2.75 per \$100
- 187 AV) x (1.0 or, beginning in the fifth year following the effective date of this section, the district's
- 188 FIRE for the prior year/statewide average FIRE for FY 1998, if the district's prior year FIRE is
- 189 at least five percent below the FY 1998 statewide average FIRE) x proration) - court-ordered
- 190 state desegregation aid received by the district for operating purposes \$.....
- 191 15. Career ladder entitlement for the district as provided for in sections 168.500 to 168.515,
- 192 RSMo, x proration \$.....
- 193 16. Vocational education entitlements for the district as provided in section 167.332, RSMo, x
- 194 proration \$.....
- 195 17. Educational and screening program entitlements for the district as provided in sections
- 196 178.691 to 178.699, RSMo, x proration \$.....

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

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

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

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

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

Section B. Section A of this act shall become effective July 1, 2005.