

SECOND REGULAR SESSION

HOUSE BILL NO. 1380

92ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES LAGER (Sponsor), WASSON, JETTON, CUNNINGHAM (86), WALLACE, BAKER, BIVINS, STEVENSON, WILSON (130), BEARDEN, GUEST, DEMPSEY, WILSON (119), SCHLOTTACH, REINHART, CROWELL, PORTWOOD, DUSENBERG, BROWN, BEHNEN, MUNZLINGER, BYRD, BRUNS, DEEKEN, LIPKE, RUPP, GOODMAN, RICHARD, SUTHERLAND, ANGST, SMITH (118), CUNNINGHAM (145), BOUGH, SELF, QUINN, KELLY (144), PHILLIPS, SANDER, ERVIN, EMERY, MAY, DAVIS (122), BEAN, THRELKELD, KINGERY, HOBBS, YATES, ROARK, DIXON, BLACK, RUESTMAN, MAYER, MYERS, PEARCE, STEFANICK, DETHROW, WOOD, MORRIS, MOORE, RECTOR, HANAWAY, TOWNLEY, BARNITZ, KING, SCHAAF, TAYLOR, WRIGHT, PURGASON, WAGNER, LAWSON, CAMPBELL, NIEVES, WILLOUGHBY, WILDBERGER, SKAGGS, KRATKY, KUESSNER, SHOEMYER, RANSDALL, HAMPTON, PRATT, ICET, COOPER (155), LUETKEMEYER, SMITH (14), LeVOTA AND PARKER (Co-sponsors).

Read 1st time February 4, 2004, and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

3537L.011

AN ACT

To repeal sections 163.031 and 168.515, RSMo, and to enact in lieu thereof two new sections relating to state aid for schools.

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

Section A. Sections 163.031 and 168.515, RSMo, are repealed and two new sections
2 enacted in lieu thereof, to be known as sections 163.031 and 168.515, to read as follows:

163.031. 1. School districts which meet the requirements of section 163.021 shall be
2 entitled to an amount computed as follows: an amount determined by multiplying the number
3 of eligible pupils by the lesser of the district's equalized operating levy for school purposes as
4 defined in section 163.011 or two dollars and seventy-five cents per one hundred dollars assessed
5 valuation multiplied by the guaranteed tax base per eligible pupil times the proration factor plus
6 an amount determined by multiplying the number of eligible pupils by the greater of zero or the
7 district's equalized operating levy for school purposes as defined in section 163.011 minus two
8 dollars and seventy-five cents per one hundred dollars assessed valuation multiplied by the
9 guaranteed tax base per eligible pupil times the proration factor. For the purposes of this section,

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.

10 the proration factor shall be equal to the sum of the total appropriation for distribution under
11 subsections 1 and 2 of this section; and the state total of the deductions as calculated in
12 subsection 2 of this section which do not exceed the district entitlements as adjusted by the same
13 proration factor; divided by the amount of the state total of district entitlements before proration
14 as calculated pursuant to this subsection; provided that, if the proration factor so calculated is
15 greater than one, the proration factor for line 1(b) shall be the greater of one or the proration
16 factor for line 1(a) minus five hundredths, and provided that if the proration factor so calculated
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; the career ladder
69 entitlement for the district, as provided for in sections 168.500 to 168.515, RSMo, [multiplied
70 by 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). 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 school
 147 purposes minus two dollars and seventy-five cents per one hundred dollars assessed valuation)
 148 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 purposes) \$.....
- 159 5. Receipts from federal properties pursuant to sections 12.070 and 12.080, RSMo (100% of
- 160 the amount received the previous year for school purposes) \$.....
- 161 6. (Federal impact aid received the previous year for school purposes pursuant to P.L. 81-874
- 162 less \$50,000) x 90% or the maximum percentage allowed by federal regulations if less than 90%
- 163 \$.....
- 164 7. Fifty percent or the percentage otherwise provided in section 163.087 of Proposition C
- 165 receipts from the school district trust fund received the previous year for school purposes
- 166 pursuant to section 163.087 \$.....
- 167 8. One hundred percent of the amount received the previous year for school purposes from the
- 168 fair share fund pursuant to section 149.015, RSMo \$.....
- 169 9. One hundred percent of the amount received the previous year for school purposes from the
- 170 free textbook fund pursuant to section 148.360, RSMo \$.....
- 171 10. Total deductions (sum of lines 2-9) \$.....
- 172

Categorical Add-ons
- 173 11. The amount distributed pursuant to section 163.161 x proration \$.....
- 174 12. Special education approved or allowed cost entitlement for the district pursuant to section
- 175 162.975, RSMo, x proration \$.....
- 176 13. Seventy-five percent of the gifted education approved or allowable cost entitlement as
- 177 determined pursuant to section 162.975, RSMo, x proration \$.....
- 178 14(a). Free and reduced lunch eligible pupil count for the district, as defined in section 163.011,
- 179 x .20, if operating levy in excess of \$2.75, or .22, otherwise x GTB per EP x \$2.75 per \$100 AV
- 180 x proration \$.....
- 181 14(b). Free and reduced lunch eligible pupil count for the district, as defined in section 163.011
- 182 x .30 x GTB x ((the greater of zero or the district's adjusted operating levy minus \$2.75 per \$100
- 183 AV) x (1.0 or, beginning in the fifth year following the effective date of this section, the district's
- 184 FIRE for the prior year/statewide average FIRE for FY 1998, if the district's prior year FIRE is
- 185 at least five percent below the FY 1998 statewide average FIRE) x proration) - court-ordered
- 186 state desegregation aid received by the district for operating purposes \$.....
- 187 15. Career ladder entitlement for the district as provided for in sections 168.500 to 168.515,
- 188 RSMo[, x proration] \$.....
- 189 16. Vocational education entitlements for the district as provided in section 167.332, RSMo, x

190	proration	\$.....
191	17. Educational and screening program entitlements for the district as provided in sections	
192	178.691 to 178.699, RSMo, x proration	\$.....
193	18. Sum of categorical add-ons for the district (sum of lines 11-17)	\$.....
194	19. District apportionment (line 18 plus the greater of line 1 minus line	
195	10 or zero)	\$.....

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

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

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

168.515. 1. Each teacher selected to participate in a career plan established under
2 sections 168.500 to 168.515, who meets the requirements of such plan, shall receive a salary
3 supplement, the state's share of which shall be distributed under section 163.031, RSMo, equal
4 to the following amounts [multiplied by the proration factor applied to the career ladder
5 entitlement of line 15 of subsection 6 of section 163.031, RSMo]:

6 (1) Career stage I teachers may receive up to an additional one thousand five hundred
7 dollars per school year;

8 (2) Career stage II teachers may receive up to an additional three thousand dollars per
9 school year;

10 (3) Career stage III teachers may receive up to an additional five thousand dollars per
11 school year.

12 All teachers within each stage within the same school district shall receive equal salary
13 supplements.

14 2. The state shall make payments pursuant to section 163.031, RSMo, to the local school

15 district for the purpose of reimbursing the local school district for the payment of any salary
 16 supplements provided for in this section, subject to the availability of funds as appropriated each
 17 year and distributed on a variable match formula which shall be based on equalized assessed
 18 valuation of the district for the second preceding school year. A district's equalized assessed
 19 valuation shall be multiplied by the district income factor defined in section 163.011, RSMo, and
 20 shall be known as the adjusted equalized assessed valuation.

21 3. In distributing these matching funds, school districts shall be ranked by the adjusted
 22 equalized assessed valuation for the second preceding school year per eligible pupil from the
 23 highest to the lowest and divided into three groups. Group one shall contain the highest
 24 twenty-five percent of all public school districts, groups two and three combined shall contain
 25 the remaining seventy-five percent of all public school districts. The districts in groups two and
 26 three shall be rank ordered from largest to smallest based on enrollment as of the last Wednesday
 27 in September during the second preceding school year, group two shall contain twenty-five
 28 percent of all public school districts that are larger on the enrollment based rank ordered list and
 29 group three shall contain the remaining fifty percent of all public school districts. Pursuant to
 30 subsection 4 of this section, districts in group one shall receive forty percent state funding and
 31 shall contribute sixty percent local funding, group two shall receive fifty percent state funding
 32 and shall contribute fifty percent local funding and group three shall receive sixty percent state
 33 funding and shall contribute forty percent local funding.

34 4. The incremental groups are as follows:

35	Percentage	Percentage	Percentage
36 Group	of Districts	of State Funding	of Local Funding
37 1	25%	40%	60%
38 2	25%	50%	50%
39 3	50%	60%	40%

40 5. Beginning in the 1996-97 school year, any school district in any group which
 41 participated in the career ladder program in 1995-96 and paid less than the local funding
 42 percentage required by subsection 4 of this section shall increase its local share of career ladder
 43 costs by five percentage points from the preceding year until the district pays the percentage
 44 share of cost required by subsection 4 of this section, and in no case shall the local funding
 45 percentage be increased by a greater amount for any year. For any district, the state payment
 46 shall not exceed the local payment times the state percentage share divided by the local
 47 percentage share. Any district not participating in the 1995-96 school year or any district which
 48 interrupts its career ladder program for any subsequent year shall enter the program on the
 49 cost-sharing basis required by subsection 4 of this section.

50 6. Not less than every fourth year, beginning with calendar year 1988, the general

51 assembly, through the joint committee established under section 160.254, RSMo, shall review
52 the amount of the career pay provided for in this section to determine if any increases are
53 necessary to reflect the increases in the cost of living which have occurred since the salary
54 supplements were last reviewed or set.

55 7. To participate in the salary supplement program established under this section, a
56 school district may submit to the voters of the district a proposition to increase taxes for this
57 purpose. If a school district's current tax rate ceiling is at or above the rate from which an
58 increase would require a two-thirds majority, the school board may submit to the voters of the
59 district a proposition to reduce or eliminate the amount of the levy reduction resulting from
60 section 164.013, RSMo. If a majority of the voters voting thereon vote in favor of the
61 proposition, the board may certify that seventy-five percent of the revenue generated from this
62 source shall be used to implement the salary supplement program established under this section.

63 8. In no case shall a school district use state funds received under this section nor local
64 revenue generated from a tax established under subsection 7 of this section to comply with the
65 minimum salary requirements for teachers established pursuant to section 163.172, RSMo.

66 9. Beginning in the 1996-97 school year, for any teacher who participated in the career
67 program in the 1995-96 school year, continues to participate in the program thereafter, and
68 remains qualified to receive career pay pursuant to section 168.510, the state's share of the
69 teacher's salary supplement shall continue to be the percentage paid by the state in the 1995-96
70 school year, notwithstanding any provisions of subsection 4 of this section to the contrary, and
71 the state shall continue to pay such percentage of the teacher's salary supplement until any of the
72 following occurs:

73 (1) The teacher ceases his or her participation in the program; or

74 (2) The teacher suspends his or her participation in the program for any school year after
75 the 1995-96 school year. If the teacher later resumes participation in the program, the state
76 funding shall be subject to the provisions of subsection 4 of this section.