

HB 1732 -- School Funding Foundation Formula

Sponsor: Parker

This bill revises the source and method of the distribution of school funds. The bill creates an additional personal income tax of 2% of the Missouri taxable income of the taxpayer, which may be offset by a school property tax credit for property taxes accrued and rent constituting property taxes accrued. The revenue from the tax will be placed in the School Moneys Fund, from which the School Foundation Formula draws.

The current foundation formula generates an entitlement figure that is based on a district's pupil count multiplied by a district's levy multiplied by the guaranteed tax base, and then prorated. The bill revises the entitlement to base it on the pupil count multiplied by a base amount multiplied by a self-sufficiency factor. The pupil count includes weighted values for middle and high school students; free and reduced price lunch eligible students, sometimes referred to as "at-risk"; gifted and special needs students; and English as a second language students. The base amount is \$5,000 per pupil and is indexed to the constitutional general price level (which is the urban Consumer Price Index) or 5%, whichever is lower. The self-sufficiency factor derives from the self-sufficiency index, which will be determined annually by the Department of Elementary and Secondary Education, based on the Missouri Women's Council self-sufficiency standard.

Currently, a district's operating levy multiplied by its assessed valuation is subtracted from its entitlement. The bill limits the levy used in the deduction to \$2.75; eliminates categorical aid for special education, gifted students, and at-risk students; and removes the proration factor from the remaining aid categories. The hold-harmless level is reset from the 1992-1993 per pupil level to the 2005-2006 level.

The bill permits any school district, other than the Kansas City and St. Louis districts, to elect to become a charter district and act as the sponsor for charter schools within its boundaries. The requirements for these schools, which are similar to the current charter school requirements for the St. Louis and Kansas City districts, are specified.

The bill changes how the summer school pupil count is calculated for the 2004-2005 year, establishing an attendance level for the current year that must be attained in order to claim the highest count from the current and past two years. For the 2005-2006 year and thereafter, only the current year's summer school pupils can be counted. The count for kindergarten is also changed,

requiring the same number of hours to be scheduled on a daily basis in the current year to be able to claim the highest count; otherwise only the current year's count may be used. This portion of the bill contains an emergency clause.