

FIRST REGULAR SESSION

# HOUSE BILL NO. 129

## 93RD GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES BIVINS (Sponsor), LEMBKE AND MOORE (Co-sponsors).

Pre-filed December 21, 2004 and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

0280L.02I

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### 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 emergency clause.

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*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Section A. Section 163.031, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 163.031, to read as follows: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 the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill 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 career ladder entitlement proration factor established pursuant to line 15 of subsection 6 of this  
45 section, the vocational education entitlement proration factor established pursuant to line 16 of  
46 subsection 6 of this section, and the educational and screening program entitlements proration  
47 factor established pursuant to line 17 of subsection 6 of this section may exceed the entitlement  
48 proration factor established pursuant to subsection 1 of this section. The categorical add-on for  
49 the district shall be the sum of: seventy-five percent of the costs of adopting and providing a  
50 violence prevention program pursuant to section 161.650, RSMo, multiplied by the proration  
51 factor; seventy-five percent of the district allowable transportation costs pursuant to section  
52 163.161 multiplied by the proration factor; the special education approved or allowed cost

53 entitlement for the district, provided for by section 162.975, RSMo, multiplied by the proration  
54 factor; seventy-five percent of the district gifted education approved or allowable cost  
55 entitlement as determined pursuant to section 162.975, RSMo, multiplied by the proration factor;  
56 the free and reduced lunch eligible pupil count for the district, as defined in section 163.011,  
57 multiplied by twenty percent, for a district with an operating levy in excess of two dollars and  
58 seventy-five cents per one hundred dollars assessed valuation, or twenty-two percent, otherwise  
59 times the guaranteed tax base per eligible pupil times two dollars and seventy-five cents per one  
60 hundred dollars assessed valuation times the proration factor plus the free and reduced lunch  
61 eligible pupil count for the district, as defined in section 163.011, times thirty percent times the  
62 guaranteed tax base per eligible pupil times the following quantity: ((the greater of zero or the  
63 district's operating levy for school purposes minus two dollars and seventy-five cents per one  
64 hundred dollars assessed valuation) times one or, beginning in the fifth year following the  
65 effective date of this section, the quotient of the district's fiscal instructional ratio of efficiency  
66 for the prior year divided by the fiscal year 1998 statewide average fiscal instructional ratio of  
67 efficiency, if the district's prior year fiscal instructional ratio of efficiency is at least five percent  
68 below the fiscal year 1998 statewide average) times the proration factor, minus court-ordered  
69 state desegregation aid received by the district for operating purposes; the career ladder  
70 entitlement for the district, as provided for in sections 168.500 to 168.515, RSMo; the vocational  
71 education entitlement for the district, as provided for in section 167.332, RSMo, multiplied by  
72 the proration factor and the district educational and screening program entitlements as provided  
73 for in sections 178.691 to 178.699, RSMo, times the 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, **provided that, beginning in the 2005-06 school year no**  
96 **district which levies, in the current year, an equalized, adjusted operating levy for school**  
97 **purposes which is equal to or greater than two dollars and seventy-five cents per one**  
98 **hundred dollars assessed valuation shall receive, in the current year as compared to the**  
99 **2003-04 school year, less revenue per pupil pursuant to this subdivision than the revenue**  
100 **the district received in the 2003-04 school year plus the cumulative change in the consumer**  
101 **price index for all urban consumers for the United States, or its successor index, as defined**  
102 **and officially recorded by the United States Department of Labor or its successor agency.**

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

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

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

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

148 6. State aid shall be determined as follows:

149 District Entitlement

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

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

156 Deductions

- 157 2. District equalized assessed valuation x district income factor x district's equalized
- 158 operating levy for school purposes plus ninety percent of any payment received
- 159 the current year of protested taxes due in prior years no earlier than the 1997 tax
- 160 year minus the amount of any protested taxes due in the current year and for
- 161 which notice of protest was received during the current year ..... \$.....
- 162 3. Intangible taxes, fines, forfeitures, escheats, payments in lieu of taxes, etc. (100%
- 163 of the amount received the previous year for school purposes) ..... \$.....
- 164 4. Receipts from state assessed railroad and utility tax (100% of the amount
- 165 received the previous year for school purposes) ..... \$.....
- 166 5. Receipts from federal properties pursuant to sections 12.070 and 12.080, RSMo
- 167 (100% of the amount received the previous year for school purposes) ..... \$.....
- 168 6. (Federal impact aid received the previous year for school purposes pursuant to
- 169 P.L. 81-874 less \$50,000) x 90% or the maximum percentage allowed by federal
- 170 regulations if less than 90% ..... \$.....
- 171 7. Fifty percent or the percentage otherwise provided in section 163.087 of
- 172 Proposition C receipts from the school district trust fund received the previous
- 173 year for school purposes pursuant to section 163.087 ..... \$.....
- 174 8. One hundred percent of the amount received the previous year for school
- 175 purposes from the fair share fund pursuant to section 149.015, RSMo ..... \$.....
- 176 9. One hundred percent of the amount received the previous year for school
- 177 purposes from the free textbook fund pursuant to section 148.360, RSMo .... \$.....
- 178 10. Total deductions (sum of lines 2-9) ..... \$.....
- 179 

Categorical Add-ons
- 180 11. The amount distributed pursuant to section 163.161 x proration ..... \$.....
- 181 12. Special education approved or allowed cost entitlement for the district pursuant
- 182 to section 162.975, RSMo, x proration ..... \$.....
- 183 13. Seventy-five percent of the gifted education approved or allowable cost
- 184 entitlement as determined pursuant to section 162.975, RSMo, x proration .... \$.....
- 185 14(a). Free and reduced lunch eligible pupil count for the district, as defined in section
- 186 163.011, x .20, if operating levy in excess of \$2.75, or .22, otherwise x GTB per
- 187 EP x \$2.75 per \$100 AV x proration ..... \$.....
- 188 14(b). Free and reduced lunch eligible pupil count for the district, as defined in section
- 189 163.011 x .30 x GTB x ((the greater of zero or the district's adjusted operating
- 190 levy minus \$2.75 per \$100 AV) x (1.0 or, beginning in the fifth year following
- 191 the effective date of this section, the district's FIRE for the prior year/statewide

192		average FIRE for FY 1998, if the district's prior year FIRE is at least five percent	
193		below the FY 1998 statewide average FIRE) x proration) - court-ordered state	
194		desegregation aid received by the district for operating purposes . . . . .	\$.....
195	15.	Career ladder entitlement for the district as provided for in sections 168.500 to	
196		168.515, RSMo . . . . .	\$.....
197	16.	Vocational education entitlements for the district as provided in section 167.332,	
198		RSMo, x proration . . . . .	\$.....
199	17.	Educational and screening program entitlements for the district as provided in	
200		sections 178.691 to 178.699, RSMo, x proration . . . . .	\$.....
201	18.	Sum of categorical add-ons for the district (sum of lines 11-17) . . . . .	\$.....
202	19.	District apportionment (line 18 plus the greater of line 1 minus line	
203		10 or zero) . . . . .	\$.....

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

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

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

Section B. Because immediate action is necessary to provide an adjustment in state aid  
 2 for hold-harmless schools section A of this act is deemed necessary for the immediate  
 3 preservation of the public health, welfare, peace, and safety, and is hereby declared to be an  
 4 emergency act within the meaning of the constitution, and section A of this act shall be in full  
 5 force and effect on July 1, 2005, or upon its passage and approval, whichever later occurs.