

FIRST REGULAR SESSION

HOUSE BILL NO. 896

93RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE AULL.

Read 1st time March 31, 2005 and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

2191L.011

AN ACT

To repeal section 163.031, RSMo, and to enact in lieu thereof one new section relating to school funding.

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Section A. Section 163.031, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 163.031, to read as follows: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 if an increase in receipts from state assessed railroad and utility revenue**
28 **triggers a decrease in the tax levy ceiling the following year, the amount of local revenue**
29 **and state aid lost as a result of the lowered levy in the following year shall not be deducted,**
30 **and** except that any penalty paid after July 1, 1995, by a concentrated animal feeding operation
31 as defined by the department of natural resources rule shall not be included; one hundred percent
32 of the amounts received the previous year for school purposes from federal properties pursuant
33 to sections 12.070 and 12.080, RSMo; federal impact aid received the previous year for school
34 purposes pursuant to P.L. 81-874 less fifty thousand dollars multiplied by ninety percent or the
35 maximum percentage allowed by federal regulation if that percentage is less than ninety; fifty
36 percent, or the percentage otherwise provided in section 163.087 of Proposition C revenues
37 received the previous year for school purposes from the school district trust fund pursuant to
38 section 163.087; one hundred percent of the amount received the previous year for school
39 purposes from the fair share fund pursuant to section 149.015, RSMo; and one hundred percent
40 of the amount received the previous year for school purposes from the free textbook fund,
41 pursuant to section 148.360, RSMo.

42 3. School districts which meet the requirements of section 163.021 shall receive
43 categorical add-on revenue as provided in this subsection. There shall be individual proration
44 factors for each categorical entitlement provided for in this subsection, and each proration factor
45 shall be determined by annual appropriations, but no categorical proration factor shall exceed the
46 entitlement proration factor established pursuant to subsection 1 of this section, except that the
47 career ladder entitlement proration factor established pursuant to line 15 of subsection 6 of this
48 section, the vocational education entitlement proration factor established pursuant to line 16 of
49 subsection 6 of this section, and the educational and screening program entitlements proration
50 factor established pursuant to line 17 of subsection 6 of this section may exceed the entitlement
51 proration factor established pursuant to subsection 1 of this section. The categorical add-on for
52 the district shall be the sum of: seventy-five percent of the costs of adopting and providing a

53 violence prevention program pursuant to section 161.650, RSMo, multiplied by the proration
54 factor; seventy-five percent of the district allowable transportation costs pursuant to section
55 163.161 multiplied by the proration factor; the special education approved or allowed cost
56 entitlement for the district, provided for by section 162.975, RSMo, multiplied by the proration
57 factor; seventy-five percent of the district gifted education approved or allowable cost
58 entitlement as determined pursuant to section 162.975, RSMo, multiplied by the proration factor;
59 the free and reduced lunch eligible pupil count for the district, as defined in section 163.011,
60 multiplied by twenty percent, for a district with an operating levy in excess of two dollars and
61 seventy-five cents per one hundred dollars assessed valuation, or twenty-two percent, otherwise
62 times the guaranteed tax base per eligible pupil times two dollars and seventy-five cents per one
63 hundred dollars assessed valuation times the proration factor plus the free and reduced lunch
64 eligible pupil count for the district, as defined in section 163.011, times thirty percent times the
65 guaranteed tax base per eligible pupil times the following quantity: ((the greater of zero or the
66 district's operating levy for school purposes minus two dollars and seventy-five cents per one
67 hundred dollars assessed valuation) times one or, beginning in the fifth year following the
68 effective date of this section, the quotient of the district's fiscal instructional ratio of efficiency
69 for the prior year divided by the fiscal year 1998 statewide average fiscal instructional ratio of
70 efficiency, if the district's prior year fiscal instructional ratio of efficiency is at least five percent
71 below the fiscal year 1998 statewide average) times the proration factor, minus court-ordered
72 state desegregation aid received by the district for operating purposes; the career ladder
73 entitlement for the district, as provided for in sections 168.500 to 168.515, RSMo; the vocational
74 education entitlement for the district, as provided for in section 167.332, RSMo, multiplied by
75 the proration factor and the district educational and screening program entitlements as provided
76 for in sections 178.691 to 178.699, RSMo, times the proration factor.

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

79 5. (1) In the 1993-94 school year and all subsequent school years, pursuant to section
80 10(c) of article X of the state constitution, a school district shall adjust upward its operating levy
81 for school purposes to the extent necessary for the district to at least maintain the current
82 operating expenditures per pupil received by the district from all sources in the 1992-93 school
83 year, except that its operating levy for school purposes shall not exceed the highest tax rate in
84 effect subsequent to the 1980 tax year, or the minimum rate required by subsection 2 of section
85 163.021, whichever is less.

86 (2) The revenue per eligible pupil received by a district from the following sources: line
87 1 minus line 10, or zero if line 1 minus line 10 is less than zero, plus line 14 of subsection 6 of
88 this section, shall not be less than the revenue per eligible pupil received by a district in the

89 1992-93 school year from the foundation formula entitlement payment amount plus the amount
90 of line 14 per eligible pupil that exceeds the line 14 per pupil amount from the 1997-98 school
91 year, or the revenue per eligible pupil received by a district in the 1992-93 school year from the
92 foundation formula entitlement payment amount plus the amount of line 14(a) per eligible pupil
93 times the quotient of line 1 minus line 10, divided by the number of eligible pupils, or zero if line
94 1 minus line 10 is less than zero, divided by the revenue per eligible pupil received by the district
95 in the 1992-93 school year from the foundation formula entitlement payment amount, whichever
96 is greater. The department of elementary and secondary education shall make an addition in the
97 payment amount of line 19 of subsection 6 of this section to assure compliance with the
98 provisions contained in this section.

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

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

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

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

144 6. State aid shall be determined as follows:

145 District Entitlement

146 1(a). Number of eligible pupils x (lesser of district's equalized operating levy for
 147 school purposes or two dollars and seventy-five cents per one hundred
 148 dollars assessed valuation) x (proration x GTB per EP) \$.....

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

152 Deductions

153 2. District equalized assessed valuation x district income factor x district's equalized
 154 operating levy for school purposes plus ninety percent of any payment
 155 received the current year of protested taxes due in prior years no earlier than
 156 the 1997 tax year minus the amount of any protested taxes due in the current
 157 year and for which notice of protest was received
 158 during the current year \$.....

159 3. Intangible taxes, fines, forfeitures, escheats, payments in lieu of taxes,
 160 etc. (100% of the amount received the previous year

161	for school purposes)	\$.....
162	4. Receipts from state assessed railroad and utility tax (100% of the amount	
163	received the previous year for school purposes), except as	
164	further described in subsection 2 of this section	\$.....
165	5. Receipts from federal properties pursuant to sections 12.070 and 12.080, RSMo	
166	(100% of the amount received the previous year	
167	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	
170	federal 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	
173	previous 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	
182	pursuant to section 162.975, RSMo, x proration	\$.....
183	13. Seventy-five percent of the gifted education approved or allowable cost entitlement	
184	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	
186	section 163.011, x .20, if operating levy in excess of \$2.75, or .22,	
187	otherwise x GTB per 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	
189	section 163.011 x .30 x GTB x ((the greater of zero or the district's	
190	adjusted operating levy minus \$2.75 per \$100 AV) x (1.0 or, beginning in	
191	the fifth year following the effective date of this section, the district's	
192	FIRE for the prior year/statewide average FIRE for FY 1998, if the	
193	district's prior year FIRE is at least five percent below the FY 1998	
194	statewide average FIRE) x proration) - court-ordered state desegregation	
195	aid received by the district for operating purposes	\$.....
196	15. Career ladder entitlement for the district as provided for in sections 168.500	

197 to 168.515, RSMo \$.....

198 16. Vocational education entitlements for the district as provided in section 167.332,

199 RSMo, x proration \$.....

200 17. Educational and screening program entitlements for the district as

201 provided in sections 178.691 to 178.699, RSMo, x proration \$.....

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

203 19. District apportionment (line 18 plus the greater of line 1 minus line 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.