

CCS HCS SS SCS SB 287 -- EDUCATION

This bill comprehensively revises the state education funding formula to be phased in over seven years, beginning July 1, 2006. The current formula is tax levy-driven with an equalizing factor, the guaranteed tax base, to achieve the goal of providing the same amount of money per student, for each penny of the property tax rate levied by the school district. The new formula is based on student needs, with the main objective being a minimum amount of money that is needed to educate each child, known as the state adequacy target (SAT). The SAT is the minimum amount of money a district needs to educate each student.

To calculate the target, the Department of Elementary and Secondary Education will identify performance districts, which have perfect scores on their annual performance report, and the amount that those districts spend. This amount becomes the basis for the SAT, which will be recalculated every two years using the most current list of performance districts. The formula assigns additional weight to pupil counts for students who qualify for free and reduced lunch, receive special education services, or have limited English language proficiency. The aggregate percentage of the performance districts' weighted pupil counts forms the basis for thresholds. Any district with weighted pupil counts above the threshold percentages will receive additional "weight" for those students. These additional weights are added to the district's student population to arrive at the district's weighted average daily attendance.

The product of the state adequacy target multiplied by the weighted average daily attendance is then multiplied by the dollar value modifier (DVM). The DVM is an index corresponding to the wage-per-job, on a regional basis, that captures 15% of the deviation from the state's median wage-per-job. The DVM cannot be applied at less than a 1.0 value. From this total, the district's local effort will be subtracted; and if the result is above zero, this number is the district's state aid payment. If the number is zero or below, the district will receive no less revenue on a per weighted average daily attendance basis than the district received in the 2005-2006 school year. The DVM is also applied to the hold-harmless payment, with the full effect of the DVM phased in over a three-year period. For school districts with an average daily attendance of 350 students or less, the hold-harmless calculation will be based on the actual amount of state revenue received by the district in the 2004-2005 or 2005-2006 school year, whichever is greater, not a per-student figure.

The local revenue figure used in a district's state aid calculation is the amount of locally generated revenue the

district would have received in Fiscal Year 2005 if its operating levy was set at \$3.43. The \$3.43 amount is called the performance levy. In every year after the first-year calculation, a district's local effort amount will be frozen, except for growth in fines, so that any growth in local revenue collections will not be used to offset state aid payments, as is currently done.

The categorical aid streams for transportation, the career ladder, vocational education, and educational and screening programs continue unchanged. The line 14 "at-risk," gifted, special education, and remedial reading categoricals are folded into the district's base amount, along with the cigarette tax and free textbook moneys. Revenues from gaming, which will be deposited into the Classroom Trust Fund established in the bill, will be distributed on an average-daily-attendance basis. The bill also creates option districts, which may elect to forgo state aid in return for regulatory relief. Placement of moneys in school district funds and the transfer of moneys between funds are revised to reflect the new formula and changes to the certificated salary compliance requirement.

An additional \$15 million annually will be distributed among districts with 350 students or less, with two-thirds of the funding in proportion to average daily attendance and one-third directed toward small districts that are at or above the performance levy, in proportion to their levies. During the seven-year formula phase-in period, districts with significant decreases in gifted and summer school programs will have funds corresponding to those decreased levels reduced from their current-year payments. A financial incentive for districts to provide summer school will be triggered if a 25% decrease from the 2005-2006 school year in the statewide percentage of summer school attendance occurs.

Clarifying language regarding state aid payments to the voluntary transfer program in the St. Louis area is included, and the percentage of reimbursement for transportation of those students is raised. The Joint Committee on Tax Policy will analyze local property tax assessment practices and submit a report to the General Assembly and the State Tax Commission, which must ensure that all counties are assessed accurately.

The bill increases minimum teacher salaries; revises charter school laws; and enacts other changes regarding accountability. Many sections of the bill revise existing law to correspond to the new terminology used in the formula, and many obsolete provisions are deleted.

The bill includes changes to special education services,

including a requirement for the department to reimburse school districts for the costs of special education students that exceed three times the current expenditure per average daily attendance.

The special education policy changes will become effective on August 28, 2005. The remainder of the bill will become effective July 1, 2006.