

FIRST REGULAR SESSION

HOUSE BILL NO. 1228

94TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE WALLACE.

Read 1st time March 29, 2007 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

2732L.02I

AN ACT

To repeal sections 160.415, 162.935, 163.011, 163.021, 163.023, 163.031, and 163.044, RSMo, and to enact in lieu thereof seven new sections relating to school funding, with an emergency clause.

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

- Section A. Sections 160.415, 162.935, 163.011, 163.021, 163.023, 163.031, and 163.044, RSMo, are repealed and seven new sections enacted in lieu thereof, to be known as sections 160.415, 162.935, 163.011, 163.021, 163.023, 163.031, and 163.044, to read as follows:
- 160.415. 1. For the purposes of calculation and distribution of state school aid under section 163.031, RSMo, pupils enrolled in a charter school shall be included in the pupil enrollment of the school district within which each pupil resides. Each charter school shall report the names, addresses, and eligibility for free and reduced lunch, special education, or limited English proficiency status, as well as eligibility for categorical aid, of pupils resident in a school district who are enrolled in the charter school to the school district in which those pupils reside. The charter school shall report the average daily attendance data, free and reduced lunch count, special education pupil count, and limited English proficiency pupil count to the state department of elementary and secondary education. Each charter school shall promptly notify the state department of elementary and secondary education and the pupil's school district when a student discontinues enrollment at a charter school.
2. Except as provided in subsections 3 and 4 of this section, the aid payments for charter schools shall be as described in this subsection.

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.

14 (1) A school district having one or more resident pupils attending a charter school shall
15 pay to the charter school an annual amount equal to the product of the charter school's weighted
16 average daily attendance and the state adequacy target, [multiplied by the dollar value modifier
17 for the district,] plus local tax revenues per weighted average daily attendance from the incidental
18 and teachers' funds in excess of the performance levy as **first** defined in section 163.011, RSMo,
19 plus all other state aid attributable to such pupils.

20 (2) The district of residence of a pupil attending a charter school shall also pay to the
21 charter school any other federal or state aid that the district receives on account of such child.

22 (3) If the department overpays or underpays the amount due to the charter school, such
23 overpayment or underpayment shall be repaid by the public charter school or credited to the
24 public charter school in twelve equal payments in the next fiscal year.

25 (4) The amounts provided pursuant to this subsection shall be prorated for partial year
26 enrollment for a pupil.

27 (5) A school district shall pay the amounts due pursuant to this subsection as the
28 disbursal agent and no later than twenty days following the receipt of any such funds. The
29 department of elementary and secondary education shall pay the amounts due when it acts as the
30 disbursal agent within five days of the required due date.

31 3. A workplace charter school shall receive payment for each eligible pupil as provided
32 under subsection 2 of this section, except that if the student is not a resident of the district and
33 is participating in a voluntary interdistrict transfer program, the payment for such pupils shall be
34 the same as provided under section 162.1060, RSMo.

35 4. A charter school that has declared itself as a local educational agency shall receive
36 from the department of elementary and secondary education an annual amount equal to the
37 product of the charter school's weighted average daily attendance and the state adequacy target,
38 [multiplied by the dollar value modifier for the district,] plus local tax revenues per weighted
39 average daily attendance from the incidental and teachers funds in excess of the performance
40 levy as **first** defined in section 163.011, RSMo, plus all other state aid attributable to such pupils.
41 If a charter school declares itself as a local education agency, the department of elementary and
42 secondary education shall, upon notice of the declaration, reduce the payment made to the school
43 district by the amount specified in this subsection and pay directly to the charter school the
44 annual amount reduced from the school district's payment.

45 5. If a school district fails to make timely payments of any amount for which it is the
46 disbursal agent, the state department of elementary and secondary education shall authorize
47 payment to the charter school of the amount due pursuant to subsection 2 of this section and shall
48 deduct the same amount from the next state school aid apportionment to the owing school
49 district. If a charter school is paid more or less than the amounts due pursuant to this section,

50 the amount of overpayment or underpayment shall be adjusted equally in the next twelve
51 payments by the school district or the department of elementary and secondary education, as
52 appropriate. Any dispute between the school district and a charter school as to the amount owing
53 to the charter school shall be resolved by the department of elementary and secondary education,
54 and the department's decision shall be the final administrative action for the purposes of review
55 pursuant to chapter 536, RSMo. During the period of dispute, the department of elementary and
56 secondary education shall make every administrative and statutory effort to allow the continued
57 education of children in their current public charter school setting.

58 6. The charter school and a local school board may agree by contract for services to be
59 provided by the school district to the charter school. The charter school may contract with any
60 other entity for services. Such services may include but are not limited to food service, custodial
61 service, maintenance, management assistance, curriculum assistance, media services and libraries
62 and shall be subject to negotiation between the charter school and the local school board or other
63 entity. Documented actual costs of such services shall be paid for by the charter school.

64 7. A charter school may enter into contracts with community partnerships and state
65 agencies acting in collaboration with such partnerships that provide services to children and their
66 families linked to the school.

67 8. A charter school shall be eligible for transportation state aid pursuant to section
68 163.161, RSMo, and shall be free to contract with the local district, or any other entity, for the
69 provision of transportation to the students of the charter school.

70 9. (1) The proportionate share of state and federal resources generated by students with
71 disabilities or staff serving them shall be paid in full to charter schools enrolling those students
72 by their school district where such enrollment is through a contract for services described in this
73 section. The proportionate share of money generated under other federal or state categorical aid
74 programs shall be directed to charter schools serving such students eligible for that aid.

75 (2) A charter school district shall provide the special services provided pursuant to
76 section 162.705, RSMo, and may provide the special services pursuant to a contract with a
77 school district or any provider of such services.

78 10. A charter school may not charge tuition, nor may it impose fees that a school district
79 is prohibited from imposing.

80 11. A charter school is authorized to incur debt in anticipation of receipt of funds. A
81 charter school may also borrow to finance facilities and other capital items. A school district
82 may incur bonded indebtedness or take other measures to provide for physical facilities and other
83 capital items for charter schools that it sponsors or contracts with. Upon the dissolution of a
84 charter school, any liabilities of the corporation will be satisfied through the procedures of
85 chapter 355, RSMo.

86 12. Charter schools shall not have the power to acquire property by eminent domain.

87 13. The governing body of a charter school is authorized to accept grants, gifts or
88 donations of any kind and to expend or use such grants, gifts or donations. A grant, gift or
89 donation may not be accepted by the governing body if it is subject to any condition contrary to
90 law applicable to the charter school or other public schools, or contrary to the terms of the
91 charter.

162.935. 1. Except as provided in subsection 3 of this section, each special district
2 formed under provisions of sections 162.670 to 162.999 shall receive an amount equal to the
3 district's weighted average daily attendance multiplied by the state adequacy target [multiplied
4 by the dollar value modifier] minus local effort minus payments from the classroom trust fund.
5 A student enrolled in classes or programs in both the special district and a component district or
6 a pupil enrolled in a local district who needs itinerant or temporary services provided by the
7 special district shall continue his enrollment in the local district for purposes of apportionment
8 of state aid on average daily attendance. The special district may include the pupil in classes
9 approved for special categorical aid. The district providing transportation may claim state
10 transportation aid.

11 2. Any special school district which is in a county of the first classification which has
12 a population greater than nine hundred thousand is entitled to apportionment of state aid even
13 though the tax rate levied by the special school district is less than that required by section
14 163.021, RSMo.

15 3. For the purposes of determining state aid pursuant to section 163.031, RSMo, the
16 weighted average daily attendance of a school district within any special school district which
17 is not in a county of the first classification which has a population greater than nine hundred
18 thousand shall reflect the average daily attendance of all pupils resident in the district and
19 educated by the district or by the special school district, or both. The department shall pay the
20 funds so calculated to the school district. The school district shall pay monthly to the special
21 school district the proportional amount of state aid based on the weighted average daily
22 attendance of students educated by the special school district to the total weighted average daily
23 attendance of students educated by the district and the special school district.

163.011. As used in this chapter unless the context requires otherwise:

2 (1) "Adjusted operating levy", the sum of tax rates for the current year for teachers' and
3 incidental funds for a school district as reported to the proper officer of each county pursuant to
4 section 164.011, RSMo;

5 (2) "Average daily attendance", the quotient or the sum of the quotients obtained by
6 dividing the total number of hours attended in a term by resident pupils between the ages of five
7 and twenty-one by the actual number of hours school was in session in that term. To the average

8 daily attendance of the following school term shall be added the full-time equivalent average
9 daily attendance of summer school students. "Full-time equivalent average daily attendance of
10 summer school students" shall be computed by dividing the total number of hours, except for
11 physical education hours that do not count as credit toward graduation for students in grades
12 nine, ten, eleven, and twelve, attended by all summer school pupils by the number of hours
13 required in section 160.011, RSMo, in the school term. For purposes of determining average
14 daily attendance under this subdivision, the term "resident pupil" shall include all children
15 between the ages of five and twenty-one who are residents of the school district and who are
16 attending kindergarten through grade twelve in such district. If a child is attending school in a
17 district other than the district of residence and the child's parent is teaching in the school district
18 or is a regular employee of the school district which the child is attending, then such child shall
19 be considered a resident pupil of the school district which the child is attending for such period
20 of time when the district of residence is not otherwise liable for tuition. Average daily
21 attendance for students below the age of five years for which a school district may receive state
22 aid based on such attendance shall be computed as regular school term attendance unless
23 otherwise provided by law;

24 (3) "Current operating expenditures":

25 (a) For the fiscal year 2007 calculation, "current operating expenditures" shall be
26 calculated using data from fiscal year 2004 and shall be calculated as all expenditures for
27 instruction and support services except capital outlay and debt service expenditures minus the
28 revenue from federal categorical sources; food service; student activities; categorical payments
29 for transportation costs pursuant to section 163.161; state reimbursements for early childhood
30 special education; the career ladder entitlement for the district, as provided for in sections
31 168.500 to 168.515, RSMo; the vocational education entitlement for the district, as provided for
32 in section 167.332, RSMo; and payments from other districts;

33 (b) In every fiscal year subsequent to fiscal year 2007, current operating expenditures
34 shall be the amount in paragraph (a) plus any increases in state funding pursuant to sections
35 163.031 and 163.043 subsequent to fiscal year 2005, not to exceed five percent, per
36 recalculation, of the state revenue received by a district in the 2004-05 school year from the
37 foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share, and free
38 textbook payments for any district from the first preceding calculation of the state adequacy
39 target;

40 (4) "District's tax rate ceiling", the highest tax rate ceiling in effect subsequent to the
41 1980 tax year or any subsequent year. Such tax rate ceiling shall not contain any tax levy for
42 debt service;

43 (5) ["Dollar value modifier", an index of the relative purchasing power of a dollar,
44 calculated as one plus fifteen percent of the difference of the regional wage ratio minus one,
45 provided that the dollar value modifier shall not be applied at a rate less than 1.0:

46 (a) "County wage per job", the total county wage and salary disbursements divided by
47 the total county wage and salary employment for each county and the city of St. Louis as reported
48 by the Bureau of Economic Analysis of the United States Department of Commerce for the
49 fourth year preceding the payment year;

50 (b) "Regional wage per job":

51 a. The total Missouri wage and salary disbursements of the metropolitan area as defined
52 by the Office of Management and Budget divided by the total Missouri metropolitan wage and
53 salary employment for the metropolitan area for the county signified in the school district number
54 or the city of St. Louis, as reported by the Bureau of Economic Analysis of the United States
55 Department of Commerce for the fourth year preceding the payment year and recalculated upon
56 every decennial census to incorporate counties that are newly added to the description of
57 metropolitan areas; or if no such metropolitan area is established, then:

58 b. The total Missouri wage and salary disbursements of the micropolitan area as defined
59 by the Office of Management and Budget divided by the total Missouri micropolitan wage and
60 salary employment for the micropolitan area for the county signified in the school district
61 number, as reported by the Bureau of Economic Analysis of the United States Department of
62 Commerce for the fourth year preceding the payment year, if a micropolitan area for such county
63 has been established and recalculated upon every decennial census to incorporate counties that
64 are newly added to the description of micropolitan areas; or

65 c. If a county is not part of a metropolitan or micropolitan area as established by the
66 Office of Management and Budget, then the county wage per job, as defined in paragraph (a) of
67 this subdivision, shall be used for the school district, as signified by the school district number;

68 (c) "Regional wage ratio", the ratio of the regional wage per job divided by the state
69 median wage per job;

70 (d) "State median wage per job", the fifty-eighth highest county wage per job;

71 (6)] "Free and reduced lunch pupil count", the number of pupils eligible for free and
72 reduced lunch on the last Wednesday in January for the preceding school year who were enrolled
73 as students of the district, as approved by the department in accordance with applicable federal
74 regulations;

75 [(7)] (6) "Free and reduced lunch threshold" shall be calculated by dividing the total free
76 and reduced lunch pupil count of every performance district that falls entirely above the bottom
77 five percent and entirely below the top five percent of average daily attendance, when such

78 districts are rank-ordered based on their current operating expenditures per average daily
79 attendance, by the total average daily attendance of all included performance districts;

80 [(8)] (7) "Limited English proficiency pupil count", the number in the preceding school
81 year of pupils aged three through twenty-one enrolled or preparing to enroll in an elementary
82 school or secondary school who were not born in the United States or whose native language is
83 a language other than English or are Native American or Alaskan native, or a native resident of
84 the outlying areas, and come from an environment where a language other than English has had
85 a significant impact on such individuals' level of English language proficiency, or are migratory,
86 whose native language is a language other than English, and who come from an environment
87 where a language other than English is dominant; and have difficulties in speaking, reading,
88 writing, or understanding the English language sufficient to deny such individuals the ability to
89 meet the state's proficient level of achievement on state assessments described in Public Law
90 107-10, the ability to achieve successfully in classrooms where the language of instruction is
91 English, or the opportunity to participate fully in society;

92 [(9)] (8) "Limited English proficiency threshold" shall be calculated by dividing the total
93 limited English proficiency pupil count of every performance district that falls entirely above the
94 bottom five percent and entirely below the top five percent of average daily attendance, when
95 such districts are rank-ordered based on their current operating expenditures per average daily
96 attendance, by the total average daily attendance of all included performance districts;

97 [(10)] (9) "Local effort":

98 (a) For the fiscal year 2007 calculation, "local effort" shall be computed as the equalized
99 assessed valuation of the property of a school district in calendar year 2004 divided by one
100 hundred and multiplied by the performance levy less the percentage retained by the county
101 assessor and collector plus one hundred percent of the amount received in fiscal year 2005 for
102 school purposes from intangible taxes, fines, escheats, payments in lieu of taxes and receipts
103 from state-assessed railroad and utility tax, one hundred percent of the amount received for
104 school purposes pursuant to the merchants' and manufacturers' taxes under sections 150.010 to
105 150.370, RSMo, one hundred percent of the amounts received for school purposes from federal
106 properties under sections 12.070 and 12.080, RSMo, except when such amounts are used in the
107 calculation of federal impact aid pursuant to P.L. 81-874, fifty percent of Proposition C revenues
108 received for school purposes from the school district trust fund under section 163.087, and one
109 hundred percent of any local earnings or income taxes received by the district for school
110 purposes. Under this paragraph, for a special district established under sections 162.815 to
111 162.940, RSMo, in a county with a charter form of government and with more than one million
112 inhabitants, a tax levy of zero shall be utilized in lieu of the performance levy for the special
113 school district;

(b) **In fiscal year 2008, "local effort" shall be recalculated for fiscal year 2007 using the second performance levy amount under subdivision (13) of this section. The department shall make adjusted payments spread equally over the next two payment years to accommodate the recalculation.** In every year subsequent to fiscal year 2007, "local effort" shall be the amount calculated under paragraph (a) of this subdivision **as recalculated** plus any increase in the amount received for school purposes from fines or less any decrease in the amount received for school purposes from fines in any school district located entirely within any county with a charter form of government and with more than two hundred fifty thousand but fewer than three hundred fifty thousand inhabitants that creates a county municipal court after January 1, 2006. If a district's assessed valuation has decreased subsequent to the calculation outlined in paragraph (a) of this subdivision, the district's local effort shall be calculated using the district's current assessed valuation in lieu of the assessed valuation utilized in calculation outlined in paragraph (a) of this subdivision;

[(11)] **(10)** "Membership" shall be the average of:

(a) The number of resident full-time students and the full-time equivalent number of part-time students who were enrolled in the public schools of the district on the last Wednesday in September of the previous year and who were in attendance one day or more during the preceding ten school days; and

(b) The number of resident full-time students and the full-time equivalent number of part-time students who were enrolled in the public schools of the district on the last Wednesday in January of the previous year and who were in attendance one day or more during the preceding ten school days, plus the full-time equivalent number of summer school pupils.

"Full-time equivalent number of part-time students" is determined by dividing the total number of hours for which all part-time students are enrolled by the number of hours in the school term. "Full-time equivalent number of summer school pupils" is determined by dividing the total number of hours for which all summer school pupils were enrolled by the number of hours required pursuant to section 160.011, RSMo, in the school term. Only students eligible to be counted for average daily attendance shall be counted for membership;

[(12)] **(11)** "Operating levy for school purposes", the sum of tax rates levied for teachers' and incidental funds plus the operating levy or sales tax equivalent pursuant to section 162.1100, RSMo, of any transitional school district containing the school district, in the payment year, not including any equalized operating levy for school purposes levied by a special school district in which the district is located;

[(13)] **(12)** "Performance district", any district that has met all performance standards and indicators as established by the department of elementary and secondary education for purposes

150 of accreditation under section 161.092, RSMo, and as reported on the final annual performance
151 report for that district each year;

152 [(14)] **(13)** "Performance levy", three dollars and forty-three cents **for the first**
153 **calculation of fiscal year 2007 and three dollars and thirty-five cents for the recalculation**
154 **of fiscal year 2007 and subsequent fiscal years under subdivision (9) of this section;**

155 [(15)] **(14)** "School purposes" pertains to teachers' and incidental funds;

156 [(16)] **(15)** "Special education pupil count", the number of public school students with
157 a current individualized education program and receiving services from the resident district as
158 of December first of the preceding school year, except for special education services provided
159 through a school district established under sections 162.815 to 162.940, RSMo, in a county with
160 a charter form of government and with more than one million inhabitants, in which case the sum
161 of the students in each district within the county exceeding the special education threshold of
162 each respective district within the county shall be counted within the special district and not in
163 the district of residence for purposes of distributing the state aid derived from the special
164 education pupil count;

165 [(17)] **(16)** "Special education threshold" shall be calculated by dividing the total special
166 education pupil count of every performance district that falls entirely above the bottom five
167 percent and entirely below the top five percent of average daily attendance, when such districts
168 are rank-ordered based on their current operating expenditures per average daily attendance, by
169 the total average daily attendance of all included performance districts;

170 [(18)] **(17)** "State adequacy target", the sum of the current operating expenditures of
171 every performance district that falls entirely above the bottom five percent and entirely below
172 the top five percent of average daily attendance, when such districts are rank-ordered based on
173 their current operating expenditures per average daily attendance, divided by the total average
174 daily attendance of all included performance districts. The department of elementary and
175 secondary education shall first calculate the state adequacy target for fiscal year 2007 and
176 recalculate the state adequacy target every two years using the most current available data. The
177 recalculation shall never result in a decrease from the previous state adequacy target amount.
178 Should a recalculation result in an increase in the state adequacy target amount, fifty percent of
179 that increase shall be included in the state adequacy target amount in the year of recalculation,
180 and fifty percent of that increase shall be included in the state adequacy target amount in the
181 subsequent year. The state adequacy target may be adjusted to accommodate available
182 appropriations;

183 [(19)] **(18)** "Teacher", any teacher, teacher-secretary, substitute teacher, supervisor,
184 principal, supervising principal, superintendent or assistant superintendent, school nurse, social
185 worker, counselor or librarian who shall, regularly, teach or be employed for no higher than

186 grade twelve more than one-half time in the public schools and who is certified under the laws
187 governing the certification of teachers in Missouri;

188 [(20)] (19) "Weighted average daily attendance", the average daily attendance plus the
189 product of twenty-five hundredths multiplied by the free and reduced lunch pupil count that
190 exceeds the free and reduced lunch threshold, plus the product of seventy-five hundredths
191 multiplied by the number of special education pupil count that exceeds the special education
192 threshold, and plus the product of six-tenths multiplied by the number of limited English
193 proficiency pupil count that exceeds the limited English proficiency threshold. For special
194 districts established under sections 162.815 to 162.940, RSMo, in a county with a charter form
195 of government and with more than one million inhabitants, weighted average daily attendance
196 shall be the average daily attendance plus the product of twenty-five hundredths multiplied by
197 the free and reduced lunch pupil count that exceeds the free and reduced lunch threshold, plus
198 the product of seventy-five hundredths multiplied by the sum of the special education pupil count
199 that exceeds the threshold for each county district, plus the product of six-tenths multiplied by
200 the limited English proficiency pupil count that exceeds the limited English proficiency
201 threshold. None of the districts comprising a special district established under sections 162.815
202 to 162.940, RSMo, in a county with a charter form of government and with more than one
203 million inhabitants, shall use any special education pupil count in calculating their weighted
204 average daily attendance.

163.021. 1. A school district shall receive state aid for its education program only if it:
2 (1) Provides for a minimum of one hundred seventy-four days and one thousand
3 forty-four hours of actual pupil attendance in a term scheduled by the board pursuant to section
4 160.041, RSMo, for each pupil or group of pupils, except that the board shall provide a
5 minimum of one hundred seventy-four days and five hundred twenty-two hours of actual pupil
6 attendance in a term for kindergarten pupils. If any school is dismissed because of inclement
7 weather after school has been in session for three hours, that day shall count as a school day
8 including afternoon session kindergarten students. When the aggregate hours lost in a term due
9 to inclement weather decreases the total hours of the school term below the required minimum
10 number of hours by more than twelve hours for all-day students or six hours for one-half-day
11 kindergarten students, all such hours below the minimum must be made up in one-half day or
12 full day additions to the term, except as provided in section 171.033, RSMo;

13 (2) Maintains adequate and accurate records of attendance, personnel and finances, as
14 required by the state board of education, which shall include the preparation of a financial
15 statement which shall be submitted to the state board of education the same as required by the
16 provisions of section 165.111, RSMo, for districts;

17 (3) Levies an operating levy for school purposes of not less than one dollar and
18 twenty-five cents after all adjustments and reductions on each one hundred dollars assessed
19 valuation of the district;

20 (4) Computes average daily attendance as defined in subdivision (2) of section 163.011
21 as modified by section 171.031, RSMo. Whenever there has existed within the district an
22 infectious disease, contagion, epidemic, plague or similar condition whereby the school
23 attendance is substantially reduced for an extended period in any school year, the apportionment
24 of school funds and all other distribution of school moneys shall be made on the basis of the
25 school year next preceding the year in which such condition existed.

26 2. For the 2006-07 school year and thereafter, no school district shall receive more state
27 aid, as calculated under subsections 1 and 2 of section 163.031, for its education program,
28 exclusive of categorical add-ons, than it received per weighted average daily attendance for the
29 school year 2005-06 from the foundation formula, line 14, gifted, remedial reading, exceptional
30 pupil aid, fair share, and free textbook payment amounts, unless it has an operating levy for
31 school purposes, as determined pursuant to section 163.011, of not less than two dollars and
32 seventy-five cents after all adjustments and reductions. Any district which is required, pursuant
33 to article X, section 22 of the Missouri Constitution, to reduce its operating levy below the
34 minimum tax rate otherwise required under this subsection shall not be construed to be in
35 violation of this subsection for making such tax rate reduction. Pursuant to section 10(c) of
36 article X of the state constitution, a school district may levy the operating levy for school
37 purposes required by this subsection less all adjustments required pursuant to article X, section
38 22 of the Missouri Constitution if such rate does not exceed the highest tax rate in effect
39 subsequent to the 1980 tax year. Nothing in this section shall be construed to mean that a school
40 district is guaranteed to receive an amount not less than the amount the school district received
41 per eligible pupil for the school year 1990-91. The provisions of this subsection shall not apply
42 to any school district located in a county of the second classification which has a nuclear power
43 plant located in such district or to any school district located in a county of the third classification
44 which has an electric power generation unit with a rated generating capacity of more than one
45 hundred fifty megawatts which is owned or operated or both by a rural electric cooperative
46 except that such school districts may levy for current school purposes and capital projects an
47 operating levy not to exceed two dollars and seventy-five cents less all adjustments required
48 pursuant to article X, section 22 of the Missouri Constitution.

49 3. No school district shall receive more state aid, as calculated in section 163.031, for
50 its education program, exclusive of categorical add-ons, than it received per eligible pupil for the
51 school year 1993-1994, if the state board of education determines that the district was not in
52 compliance in the preceding school year with the requirements of section 163.172, until such

53 time as the board determines that the district is again in compliance with the requirements of
54 section 163.172.

55 4. No school district shall receive state aid, pursuant to section 163.031, if such district
56 was not in compliance, during the preceding school year, with the requirement, established
57 pursuant to section 160.530, RSMo, to allocate revenue to the professional development
58 committee of the district.

59 5. No school district shall receive more state aid, as calculated in subsections 1 and 2 of
60 section 163.031, for its education program, exclusive of categorical add-ons, than it received per
61 weighted average daily attendance for the school year 2005-06 from the foundation formula, line
62 14, gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payment
63 amounts, if the district did not comply in the preceding school year with the requirements of
64 subsection 6 of section 163.031.

65 [6. Any school district that levies an operating levy for school purposes that is less than
66 the performance levy, as such term is defined in section 163.011, shall provide written notice to
67 the department of elementary and secondary education asserting that the district is providing an
68 adequate education to the students of such district. If a school district asserts that it is not
69 providing an adequate education to its students, such inadequacy shall be deemed to be a result
70 of insufficient local effort. The provisions of this subsection shall not apply to any special
71 district established under sections 162.815 to 162.940, RSMo.]

163.023. 1. Commencing September 1, 1997, a school district that has an operating levy
2 for school purposes as defined in section 163.011, of less than the minimum value required by
3 section 163.021, shall be classified as unaccredited by the state board of education and shall be
4 deemed to be an unclassified school district for all purposes under force of law, pursuant to the
5 authority of the state board of education to classify school districts pursuant to section 161.092,
6 RSMo, except that no school district shall be classified as unaccredited or deemed to be an
7 unclassified school district pursuant to this section if such district is ineligible to receive state
8 aid under section 163.031, exclusive of categorical add-ons, because the district's local effort is
9 greater than its weighted average daily attendance multiplied by the state adequacy target
10 [multiplied by the dollar value modifier]. No school district, except a district which is ineligible
11 to receive state aid under section 163.031, exclusive of categorical add-ons, because the district's
12 local effort is greater than its weighted average daily attendance multiplied by the state adequacy
13 target [multiplied by the dollar value modifier], may be classified or reclassified as accredited
14 until such district has an operating levy for school purposes which is equal to or greater than the
15 minimum value required by section 163.021. Beginning July 1, 1998, the state board of
16 education shall consider the results for a school district from the statewide assessment system
17 developed pursuant to the provisions of section 160.518, RSMo, when classifying a school

18 district as authorized by subdivision (9) of section 161.092, RSMo. Further, the state board of
19 education shall consider the condition and adequacy of facilities of a school district when
20 determining such classification.

21 2. For any school district classified unaccredited for any school year, the state board of
22 education shall conduct procedures to classify said school district for the first school year
23 following.

163.031. 1. The department of elementary and secondary education shall calculate and
2 distribute to each school district qualified to receive state aid under section 163.021 an amount
3 determined by multiplying the district's weighted average daily attendance by the state adequacy
4 target, multiplying this product by the dollar value modifier for the district, and subtracting from
5 this product the district's local effort and, in years not governed under subsection 4 of this
6 section, subtracting payments from the classroom trust fund under section 163.043.

7 2. Other provisions of law to the contrary notwithstanding:

8 (1) For districts with an average daily attendance of more than three hundred fifty in the
9 school year preceding the payment year:

10 (a) For the 2006-07 school year, the state revenue per weighted average daily attendance
11 received by a district from the state aid calculation under subsections 1 and 4 of this section, as
12 applicable, and the classroom trust fund under section 163.043 shall not be less than the state
13 revenue received by a district in the 2005-06 school year from the foundation formula, line 14,
14 gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts
15 [multiplied by the sum of one plus the product of one-third multiplied by the remainder of the
16 dollar value modifier minus one, and dividing this product] **divided** by the weighted average
17 daily attendance computed for the 2005-06 school year. **The department shall recalculate the**
18 **payment under this paragraph and subtract the amount attributable to the dollar value**
19 **modifier from the district's aid payment in equal portions over the next two payment years;**

20 (b) [For the 2007-08 school year, the state revenue per weighted average daily attendance
21 received by a district from the state aid calculation under subsections 1 and 4 of this section, as
22 applicable, and the classroom trust fund under section 163.043 shall not be less than the state
23 revenue received by a district in the 2005-06 school year from the foundation formula, line 14,
24 gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts
25 multiplied by the sum of one plus the product of two-thirds multiplied by the remainder of the
26 dollar value modifier minus one, and dividing this product by the weighted average daily
27 attendance computed for the 2005-06 school year;

28 (c) For the 2008-09 school year, the state revenue per weighted average daily attendance
29 received by a district from the state aid calculation under subsections 1 and 4 of this section, as
30 applicable, and the classroom trust fund under section 163.043 shall not be less than the state

31 revenue received by a district in the 2005-06 school year from the foundation formula, line 14,
32 gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts
33 multiplied by the dollar value modifier, and dividing this product by the weighted average daily
34 attendance computed for the 2005-06 school year;

35 (d)] For each year subsequent to the [2008-09] **2006-07** school year, the amount shall
36 be no less than that computed in paragraph [(c)] **(a)** of this subdivision **after recalculation**,
37 multiplied by the weighted average daily attendance pursuant to section 163.036, less any
38 increase in revenue received from the classroom trust fund under section 163.043;

39 (2) For districts with an average daily attendance of three hundred fifty or less in the
40 school year preceding the payment year:

41 (a) For the 2006-07 school year, the state revenue received by a district from the state
42 aid calculation under subsections 1 and 4 of this section, as applicable, and the classroom trust
43 fund under section 163.043 shall not be less than the greater of state revenue received by a
44 district in the 2004-05 or 2005-06 school year from the foundation formula, line 14, gifted,
45 remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts
46 [multiplied by the sum of one plus the product of one-third multiplied by the remainder of the
47 dollar value modifier minus one] . **The department shall recalculate the payment under this**
48 **paragraph and subtract the amount attributable to the dollar value modifier from the**
49 **district's aid payment in equal portions over the next two payment years;**

50 (b) [For the 2007-08 school year, the state revenue received by a district from the state
51 aid calculation under subsections 1 and 4 of this section, as applicable, and the classroom trust
52 fund under section 163.043 shall not be less than the greater of state revenue received by a
53 district in the 2004-05 or 2005-06 school year from the foundation formula, line 14, gifted,
54 remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts
55 multiplied by the sum of one plus the product of two-thirds multiplied by the remainder of the
56 dollar value modifier minus one;

57 (c) For the 2008-09 school year, the state revenue received by a district from the state
58 aid calculation under subsections 1 and 4 of this section, as applicable, and the classroom trust
59 fund under section 163.043 shall not be less than the greater of state revenue received by a
60 district in the 2004-05 or 2005-06 school year from the foundation formula, line 14, gifted,
61 remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts
62 multiplied by the dollar value modifier;

63 (d)] For each year subsequent to the [2008-09] **2006-07** school year, the amount shall
64 be no less than that computed in paragraph [(c)] **(a)** of this subdivision **after recalculation**;

65 (3) The department of elementary and secondary education shall make an addition in the
66 payment amount specified in subsection 1 of this section to assure compliance with the
67 provisions contained in this subsection.

68 3. School districts that meet the requirements of section 163.021 shall receive categorical
69 add-on revenue as provided in this subsection. The categorical add-on for the district shall be
70 the sum of: seventy-five percent of the district allowable transportation costs under section
71 163.161; the career ladder entitlement for the district, as provided for in sections 168.500 to
72 168.515, RSMo; the vocational education entitlement for the district, as provided for in section
73 167.332, RSMo; and the district educational and screening program entitlements as provided for
74 in sections 178.691 to 178.699, RSMo. The categorical add-on revenue amounts may be
75 adjusted to accommodate available appropriations.

76 4. In the 2006-07 school year and each school year thereafter for [five] **three** years, those
77 districts entitled to receive state aid under the provisions of subsection 1 of this section shall
78 receive state aid in an amount as provided in this subsection.

79 (1) For the 2006-07 school year, the amount shall be fifteen percent of the amount of
80 state aid calculated for the district for the 2006-07 school year under the provisions of subsection
81 1 of this section, plus eighty-five percent of the total amount of state revenue received by the
82 district for the 2005-06 school year from the foundation formula, line 14, gifted, remedial
83 reading, exceptional pupil aid, fair share, and free textbook payments less any amounts received
84 under section 163.043.

85 (2) For the 2007-08 school year, the amount shall be [thirty] **forty-five** percent of the
86 amount of state aid calculated for the district for the 2007-08 school year under the provisions
87 of subsection 1 of this section, plus [seventy] **fifty-five** percent of the total amount of state
88 revenue received by the district for the 2005-06 school year from the foundation formula, line
89 14, gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payments less
90 any amounts received under section 163.043.

91 (3) For the 2008-09 school year, the amount of state aid shall be [forty-four] **seventy-five**
92 percent of the amount of state aid calculated for the district for the 2008-09 school year under
93 the provisions of subsection 1 of this section plus [fifty-six] **twenty-five** percent of the total
94 amount of state revenue received by the district for the 2005-06 school year from the foundation
95 formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share, and free textbook
96 payments less any amounts received under section 163.043.

97 (4) [For the 2009-10 school year, the amount of state aid shall be fifty-eight percent of
98 the amount of state aid calculated for the district for the 2009-10 school year under the provisions
99 of subsection 1 of this section plus forty-two percent of the total amount of state revenue
100 received by the district for the 2005-06 school year from the foundation formula, line 14, gifted,

101 remedial reading, exceptional pupil aid, fair share, and free textbook payments less any amounts
102 received under section 163.043.

103 (5) For the 2010-11 school year, the amount of state aid shall be seventy-two percent of
104 the amount of state aid calculated for the district for the 2010-11 school year under the provisions
105 of subsection 1 of this section plus twenty-eight percent of the total amount of state revenue
106 received by the district for the 2005-06 school year from the foundation formula, line 14, gifted,
107 remedial reading, exceptional pupil aid, fair share, and free textbook payments less any amounts
108 received under section 163.043.

109 (6) For the 2011-12 school year, the amount of state aid shall be eighty-six percent of
110 the amount of state aid calculated for the district for the 2011-12 school year under the provisions
111 of subsection 1 of this section plus fourteen percent of the total amount of state revenue received
112 by the district for the 2005-06 school year from the foundation formula, line 14, gifted, remedial
113 reading, exceptional pupil aid, fair share, and free textbook payments less any amounts received
114 under section 163.043.

115 (7)] (a) Notwithstanding subdivision [(18)] **(17)** of section 163.011, the state adequacy
116 target may not be adjusted downward to accommodate available appropriations in any year
117 governed by this subsection.

118 (b) a. For the 2006-07 school year, if a school district experiences a decrease in summer
119 school average daily attendance of more than twenty percent from the district's 2005-06 summer
120 school average daily attendance, an amount equal to the product of the percent reduction that is
121 in excess of twenty percent of the district's summer school average daily attendance multiplied
122 by the funds generated by the district's summer school program in the 2005-06 school year shall
123 be subtracted from the district's current year payment amount.

124 b. For the 2007-08 school year, if a school district experiences a decrease in summer
125 school average daily attendance of more than thirty percent from the district's 2005-06 summer
126 school average daily attendance, an amount equal to the product of the percent reduction that is
127 in excess of thirty percent of the district's summer school average daily attendance multiplied by
128 the funds generated by the district's summer school program in the 2005-06 school year shall be
129 subtracted from the district's payment amount.

130 c. For the 2008-09 school year [through the 2011-12 school year], if a school district
131 experiences a decrease in summer school average daily attendance of more than thirty-five
132 percent from the district's 2005-06 summer school average daily attendance, an amount equal to
133 the product of the percent reduction that is in excess of thirty-five percent of the district's
134 summer school average daily attendance multiplied by the funds generated by the district's
135 summer school program in the 2005-06 school year shall be subtracted from the district's
136 payment amount.

d. Notwithstanding the provisions of this paragraph, no such reduction shall be made in the case of a district that is receiving a payment under section 163.044 or any district whose regular school term average daily attendance for the preceding year was three hundred fifty or less.

e. This paragraph shall not be construed to permit any reduction applied under this paragraph to result in any district receiving a current-year payment that is less than the amount calculated for such district under subsection 2 of this section.

(c) If a school district experiences a decrease in its gifted program enrollment of more than twenty percent from its 2005-06 gifted program enrollment in any year governed by this subsection, an amount equal to the product of the percent reduction in the district's gifted program enrollment multiplied by the funds generated by the district's gifted program in the 2005-06 school year shall be subtracted from the district's current year payment amount.

5. For any school district meeting the eligibility criteria for state aid as established in section 163.021, but which is considered an option district under section 163.042 and therefore receives no state aid, the commissioner of education shall present a plan to the superintendent of the school district for the waiver of rules and the duration of said waivers, in order to promote flexibility in the operations of the district and to enhance and encourage efficiency in the delivery of instructional services as provided in section 163.042.

6. (1) No less than seventy-five percent of the state revenue received under the provisions of subsections 1, 2, and 4 of this section shall be placed in the teachers' fund, and the remaining percent of such moneys shall be placed in the incidental fund. No less than seventy-five percent of one-half of the funds received from the school district trust fund distributed under section 163.087 shall be placed in the teachers' fund. One hundred percent of revenue received under the provisions of section 163.161 shall be placed in the incidental fund. One hundred percent of revenue received under the provisions of sections 168.500 to 168.515, RSMo, shall be placed in the teachers' fund.

(2) A school district shall spend for certificated compensation and tuition expenditures each year:

(a) An amount equal to at least seventy-five percent of the state revenue received under the provisions of subsections 1, 2, and 4 of this section;

(b) An amount equal to at least seventy-five percent of one-half of the funds received from the school district trust fund distributed under section 163.087 during the preceding school year; and

(c) Beginning in fiscal year 2008, as much as was spent per the second preceding year's weighted average daily attendance for certificated compensation and tuition expenditures the previous year from revenue produced by local and county tax sources in the teachers' fund, plus

173 the amount of the incidental fund to teachers' fund transfer calculated to be local and county tax
174 sources by dividing local and county tax sources in the incidental fund by total revenue in the
175 incidental fund.

176

177 In the event a district fails to comply with this provision, the amount by which the district fails
178 to spend funds as provided herein shall be deducted from the district's state revenue received
179 under the provisions of subsections 1, 2, and 4 of this section for the following year, provided
180 that the state board of education may exempt a school district from this provision if the state
181 board of education determines that circumstances warrant such exemption.

182 7. If a school district's annual audit discloses that students were inappropriately identified
183 as eligible for free and reduced lunch, special education, or limited English proficiency and the
184 district does not resolve the audit finding, the department of elementary and secondary education
185 shall require that the amount of aid paid pursuant to the weighting for free and reduced lunch,
186 special education, or limited English proficiency in the weighted average daily attendance on the
187 inappropriately identified pupils be repaid by the district in the next school year and shall
188 additionally impose a penalty of one hundred percent of such aid paid on such pupils, which
189 penalty shall also be paid within the next school year. Such amounts may be repaid by the
190 district through the withholding of the amount of state aid.

163.044. 1. Beginning with the 2007 fiscal year and each subsequent fiscal year, the
2 general assembly shall appropriate fifteen million dollars to be directed in the following manner
3 to school districts with an average daily attendance of three hundred fifty students or less in the
4 school year preceding the payment year:

5 (1) Ten million dollars shall be distributed to the eligible districts in proportion to their
6 average daily attendance; and

7 (2) Five million dollars shall be directed to the eligible districts that have an operating
8 levy for school purposes in the current year equal to or greater than the performance levy **as**
9 **redefined in section 163.011**. A tax-rate-weighted average daily attendance shall be calculated
10 for each eligible district in proportion to its operating levy for school purposes for the current
11 year divided by the performance levy with that result multiplied by the district's average daily
12 attendance in the school year preceding the payment year. The total appropriation pursuant to
13 this subdivision shall then be divided by the sum of the tax-rate-weighted average daily
14 attendance of the eligible districts, and the resulting amount per tax-rate-weighted average daily
15 attendance shall be multiplied by each eligible district's tax-rate-weighted average daily
16 attendance to determine the amount to be paid to each eligible district.

- 17 2. The payment under this section shall not be transferred to the capital projects fund.
- 18 3. Except as provided in subsection 2 of this section, districts receiving payments under
- 19 this section may use the moneys for, including but not limited to, the following:
- 20 (1) Distance learning;
- 21 (2) Extraordinary transportation costs;
- 22 (3) Rural teacher recruitment; and
- 23 (4) Student learning opportunities not available within the district.

Section B. Because immediate action is necessary to ensure adequate funding for

2 schools, section A of this act is deemed necessary for the immediate preservation of the public

3 health, welfare, peace, and safety, and is hereby declared to be an emergency act within the

4 meaning of the constitution, and section A of this act shall be in full force and effect on July 1,

5 2007, or upon its passage and approval, whichever later occurs.

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