

FIRST REGULAR SESSION

HOUSE BILL NO. 907

94TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE AULL.

Read 1st time February 19, 2007 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

1377L.01I

AN ACT

To repeal section 163.011, 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Section A. Section 163.011, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 163.011, to read as follows:

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

- (1) "Adjusted operating levy", the sum of tax rates for the current year for teachers' and incidental funds for a school district as reported to the proper officer of each county pursuant to section 164.011, RSMo;
- (2) "Average daily attendance", the quotient or the sum of the quotients obtained by dividing the total number of hours attended in a term by resident pupils between the ages of five and twenty-one by the actual number of hours school was in session in that term. To the average daily attendance of the following school term shall be added the full-time equivalent average daily attendance of summer school students. "Full-time equivalent average daily attendance of summer school students" shall be computed by dividing the total number of hours, except for physical education hours that do not count as credit toward graduation for students in grades nine, ten, eleven, and twelve, attended by all summer school pupils by the number of hours required in section 160.011, RSMo, in the school term. For purposes of determining average daily attendance under this subdivision, the term "resident pupil" shall include all children between the ages of five and twenty-one who are residents of the school district and who are

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.

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) "Free and reduced lunch threshold" shall be calculated by dividing the total free and
76 reduced lunch pupil count of every performance district that falls entirely above the bottom five
77 percent and entirely below the top five percent of average daily attendance, when such districts
78 are rank-ordered based on their current operating expenditures per average daily attendance, by
79 the total average daily attendance of all included performance districts;

80 (8) "Limited English proficiency pupil count", the number in the preceding school year
81 of pupils aged three through twenty-one enrolled or preparing to enroll in an elementary school
82 or secondary school who were not born in the United States or whose native language is a
83 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) "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) "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 **in effect for that year** less the percentage
101 retained by the county assessor and collector plus one hundred percent of the amount received
102 in fiscal year 2005 for school purposes from intangible taxes, fines, escheats, payments in lieu
103 of taxes and receipts from state-assessed railroad and utility tax, one hundred percent of the
104 amount received for school purposes pursuant to the merchants' and manufacturers' taxes under
105 sections 150.010 to 150.370, RSMo, one hundred percent of the amounts received for school
106 purposes from federal properties under sections 12.070 and 12.080, RSMo, except when such
107 amounts are used in the calculation of federal impact aid pursuant to P.L. 81-874, fifty percent
108 of Proposition C revenues received for school purposes from the school district trust fund under
109 section 163.087, and one hundred percent of any local earnings or income taxes received by the
110 district for school purposes. Under this paragraph, for a special district established under
111 sections 162.815 to 162.940, RSMo, in a county with a charter form of government and with
112 more than one million inhabitants, a tax levy of zero shall be utilized in lieu of the performance
113 levy for the special school district;

114 (b) In every year subsequent to fiscal year 2007, "local effort" shall be the amount
115 calculated under paragraph (a) of this subdivision plus any increase in the amount received for
116 school purposes from fines **plus fifty percent of any increase above fiscal year 2007 in the**
117 **amount calculated by dividing the equalized assessed valuation of the property of the**
118 **school district in the fourth and third preceding calendar years divided by one hundred**
119 **and multiplied by the performance levy in effect for that fiscal year** or less any decrease in
120 the amount received for school purposes from fines in any school district located entirely within
121 any county with a charter form of government and with more than two hundred fifty thousand
122 but fewer than three hundred fifty thousand inhabitants that creates a county municipal court

123 after January 1, 2006. If a district's assessed valuation has decreased subsequent to the
124 calculation outlined in paragraph (a) of this subdivision, the district's local effort shall be
125 calculated using the district's current assessed valuation in lieu of the assessed valuation utilized
126 in calculation outlined in paragraph (a) of this subdivision;

127 (11) "Membership" shall be the average of:

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

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

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137 "Full-time equivalent number of part-time students" is determined by dividing the total number
138 of hours for which all part-time students are enrolled by the number of hours in the school term.

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

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

148 (13) "Performance district", any district that has met all performance standards and
149 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) "Performance levy", three dollars and forty-three cents **through fiscal year 2007.**
153 **Every fiscal year thereafter for eight years, the performance levy shall be lowered by five**
154 **cents, until fiscal year 2016, when the performance levy shall be lowered by three cents so**
155 **that the performance levy shall be three dollars and remain at three dollars thereafter;**

156 (15) "School purposes" pertains to teachers' and incidental funds;

157 (16) "Special education pupil count", the number of public school students with a current
158 individualized education program and receiving services from the resident district as of

159 December first of the preceding school year, except for special education services provided
160 through a school district established under sections 162.815 to 162.940, RSMo, in a county with
161 a charter form of government and with more than one million inhabitants, in which case the sum
162 of the students in each district within the county exceeding the special education threshold of
163 each respective district within the county shall be counted within the special district and not in
164 the district of residence for purposes of distributing the state aid derived from the special
165 education pupil count;

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

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

184 (19) "Teacher", any teacher, teacher-secretary, substitute teacher, supervisor, principal,
185 supervising principal, superintendent or assistant superintendent, school nurse, social worker,
186 counselor or librarian who shall, regularly, teach or be employed for no higher than grade twelve
187 more than one-half time in the public schools and who is certified under the laws governing the
188 certification of teachers in Missouri;

189 (20) "Weighted average daily attendance", the average daily attendance plus the product
190 of twenty-five hundredths multiplied by the free and reduced lunch pupil count that exceeds the
191 free and reduced lunch threshold, plus the product of seventy-five hundredths multiplied by the
192 number of special education pupil count that exceeds the special education threshold, and plus
193 the product of six-tenths multiplied by the number of limited English proficiency pupil count that
194 exceeds the limited English proficiency threshold. For special districts established under

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

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