

FIRST REGULAR SESSION

# HOUSE BILL NO. 1206

## 94TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE AULL.

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

D. ADAM CRUMBLISS, Chief Clerk

2758L.01I

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### AN ACT

To repeal section 163.011, RSMo, and to enact in lieu thereof one new section relating to state aid for schools, with an emergency clause.

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

Section A. Section 163.011, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 163.011, to read as follows: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

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 or less any decrease in the amount received for school purposes from  
117 fines in any school district located entirely within any county with a charter form of government  
118 and with more than two hundred fifty thousand but fewer than three hundred fifty thousand  
119 inhabitants that creates a county municipal court after January 1, 2006. If a district's assessed  
120 valuation has decreased subsequent to the calculation outlined in paragraph (a) of this  
121 subdivision, the district's local effort shall be calculated using the district's current assessed

122 valuation in lieu of the assessed valuation utilized in calculation outlined in paragraph (a) of this  
123 subdivision;

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

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

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

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

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

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

145 (13) "Performance district", any district that has met all performance standards and  
146 indicators as established by the department of elementary and secondary education for purposes  
147 of accreditation under section 161.092, RSMo, and as reported on the final annual performance  
148 report for that district each year;

149 (14) "Performance levy", three dollars and forty-three cents;

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

151 (16) "Special education pupil count", the number of public school students with a current  
152 individualized education program and receiving services from the resident district as of  
153 December first of the preceding school year, except for special education services provided  
154 through a school district established under sections 162.815 to 162.940, RSMo, in a county with  
155 a charter form of government and with more than one million inhabitants, in which case the sum  
156 of the students in each district within the county exceeding the special education threshold of  
157 each respective district within the county shall be counted within the special district and not in

158 the district of residence for purposes of distributing the state aid derived from the special  
159 education pupil count;

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

165 (18) "State adequacy target", the sum of the current operating expenditures of every  
166 performance district that falls entirely above the bottom five percent and entirely below the top  
167 five percent of average daily attendance, when such districts are rank-ordered based on their  
168 current operating expenditures per average daily attendance, divided by the total average daily  
169 attendance of all included performance districts. The department of elementary and secondary  
170 education shall first calculate the state adequacy target for fiscal year 2007 and recalculate the  
171 state adequacy target every two years using the most current available data. The recalculation  
172 shall never result in a decrease from the previous state adequacy target amount. **The actual state**  
173 **adequacy target amount for each subsequent two-year period after fiscal year 2008 shall**  
174 **be the greater of the target amount as calculated under this subdivision and the target**  
175 **amount determined by multiplying the most recent adequacy target by one plus the**  
176 **percentage growth in the Consumer Price Index for the third and fourth preceding years.**  
177 Should a recalculation result in an increase in the state adequacy target amount, fifty percent of  
178 that increase shall be included in the state adequacy target amount in the year of recalculation,  
179 and fifty percent of that increase shall be included in the state adequacy target amount in the  
180 subsequent year. The state adequacy target may be adjusted to accommodate available  
181 appropriations;

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

187 (20) "Weighted average daily attendance", the average daily attendance plus the product  
188 of twenty-five hundredths multiplied by the free and reduced lunch pupil count that exceeds the  
189 free and reduced lunch threshold, plus the product of seventy-five hundredths multiplied by the  
190 number of special education pupil count that exceeds the special education threshold, and plus  
191 the product of six-tenths multiplied by the number of limited English proficiency pupil count that  
192 exceeds the limited English proficiency threshold. For special districts established under  
193 sections 162.815 to 162.940, RSMo, in a county with a charter form of government and with

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

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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