

FIRST REGULAR SESSION

HOUSE BILL NO. 653

95TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES SCHAD (Sponsor), WALLACE, FRANZ, POLLOCK,
WILSON (119), COX, NIEVES, KINGERY, DENISON, WELLS, JONES (117),
PARSON AND WOOD (Co-sponsors).

1799L.01I

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

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

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

Section A. Section 163.031, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 163.031, to read as follows:

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

2. Other provisions of law to the contrary notwithstanding:

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

(a) For the 2006-07 school year, the state revenue per weighted average daily attendance received by a district from the state aid calculation under subsections 1 and 4 of this section, as applicable, and the classroom trust fund under section 163.043 shall not be less than the state revenue received by a district in the 2005-06 school year from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts multiplied by the sum of one plus the product of one-third multiplied by the remainder of the

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 dollar value modifier minus one, and dividing this product by the weighted average daily
17 attendance computed for the 2005-06 school year;

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

26 (c) For the 2008-09 school year, the state revenue per weighted average daily attendance
27 received by a district from the state aid calculation under subsections 1 and 4 of this section, as
28 applicable, and the classroom trust fund under section 163.043 shall not be less than the state
29 revenue received by a district in the 2005-06 school year from the foundation formula, line 14,
30 gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts
31 multiplied by the dollar value modifier, and dividing this product by the weighted average daily
32 attendance computed for the 2005-06 school year;

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

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

39 (a) For the 2006-07 school year, the state revenue received by a district from the state
40 aid calculation under subsections 1 and 4 of this section, as applicable, and the classroom trust
41 fund under section 163.043 shall not be less than the greater of state revenue received by a
42 district in the 2004-05 or 2005-06 school year from the foundation formula, line 14, gifted,
43 remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts
44 multiplied by the sum of one plus the product of one-third multiplied by the remainder of the
45 dollar value modifier minus one;

46 (b) For the 2007-08 school year, the state revenue received by a district from the state
47 aid calculation under subsections 1 and 4 of this section, as applicable, and the classroom trust
48 fund under section 163.043 shall not be less than the greater of state revenue received by a
49 district in the 2004-05 or 2005-06 school year from the foundation formula, line 14, gifted,
50 remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts

51 multiplied by the sum of one plus the product of two-thirds multiplied by the remainder of the
52 dollar value modifier minus one;

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

59 (d) For each year subsequent to the 2008-09 school year, the amount shall be no less than
60 that computed in paragraph (c) of this subdivision;

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

64 3. School districts that meet the requirements of section 163.021 shall receive categorical
65 add-on revenue as provided in this subsection. The categorical add-on for the district shall be
66 the sum of: seventy-five percent of the district allowable transportation costs under section
67 163.161; the career ladder entitlement for the district, as provided for in sections 168.500 to
68 168.515, RSMo; the vocational education entitlement for the district, as provided for in section
69 167.332, RSMo; and the district educational and screening program entitlements as provided for
70 in sections 178.691 to 178.699, RSMo. The categorical add-on revenue amounts may be
71 adjusted to accommodate available appropriations.

72 4. In the 2006-07 school year and each school year thereafter for five years, those
73 districts entitled to receive state aid under the provisions of subsection 1 of this section shall
74 receive state aid in an amount as provided in this subsection.

75 (1) For the 2006-07 school year, the amount shall be fifteen percent of the amount of
76 state aid calculated for the district for the 2006-07 school year under the provisions of subsection
77 1 of this section, plus eighty-five percent of the total amount of state revenue received by the
78 district for the 2005-06 school year from the foundation formula, line 14, gifted, remedial
79 reading, exceptional pupil aid, fair share, and free textbook payments less any amounts received
80 under section 163.043.

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

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

93 (4) For the 2009-10 school year, the amount of state aid shall be fifty-eight percent of
94 the amount of state aid calculated for the district for the 2009-10 school year under the provisions
95 of subsection 1 of this section plus forty-two percent of the total amount of state revenue
96 received by the district for the 2005-06 school year from the foundation formula, line 14, gifted,
97 remedial reading, exceptional pupil aid, fair share, and free textbook payments less any amounts
98 received under section 163.043.

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

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

111 (7) (a) Notwithstanding subdivision (18) of section 163.011, the state adequacy target
112 may not be adjusted downward to accommodate available appropriations in any year governed
113 by this subsection.

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

120 b. For the 2007-08 school year, if a school district experiences a decrease in summer
121 school average daily attendance of more than thirty percent from the district's 2005-06 summer
122 school average daily attendance, an amount equal to the product of the percent reduction that is

123 in excess of thirty percent of the district's summer school average daily attendance multiplied by
124 the funds generated by the district's summer school program in the 2005-06 school year shall be
125 subtracted from the district's payment amount.

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

133 d. **For the 2009-10 school year through the 2011-12 school year, if a school district**
134 **experiences a decrease in summer school average daily attendance of more than thirty-five**
135 **percent from the district's 2005-06 summer average daily attendance, an amount equal to**
136 **the product of the percent reduction that is in excess of thirty-five percent of the district's**
137 **summer school average daily attendance multiplied by the funds generated by the district's**
138 **summer school program in the 2005-06 school year shall be subtracted from the district's**
139 **payment amount; except that for a school district with a current year enrollment that is**
140 **lower than its 2005-06 enrollment, such district shall not be subject to a reduction under**
141 **this subparagraph if its current year summer school attendance is sixty-five percent or**
142 **greater of its current year elementary school level average daily attendance.**

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

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

150 (c) If a school district experiences a decrease in its gifted program enrollment of more
151 than twenty percent from its 2005-06 gifted program enrollment in any year governed by this
152 subsection, an amount equal to the product of the percent reduction in the district's gifted
153 program enrollment multiplied by the funds generated by the district's gifted program in the
154 2005-06 school year shall be subtracted from the district's current year payment amount.

155 5. For any school district meeting the eligibility criteria for state aid as established in
156 section 163.021, but which is considered an option district under section 163.042 and therefore
157 receives no state aid, the commissioner of education shall present a plan to the superintendent
158 of the school district for the waiver of rules and the duration of said waivers, in order to promote

159 flexibility in the operations of the district and to enhance and encourage efficiency in the delivery
160 of instructional services as provided in section 163.042.

161 6. (1) No less than seventy-five percent of the state revenue received under the
162 provisions of subsections 1, 2, and 4 of this section shall be placed in the teachers' fund, and the
163 remaining percent of such moneys shall be placed in the incidental fund. No less than
164 seventy-five percent of one-half of the funds received from the school district trust fund
165 distributed under section 163.087 shall be placed in the teachers' fund. One hundred percent of
166 revenue received under the provisions of section 163.161 shall be placed in the incidental fund.
167 One hundred percent of revenue received under the provisions of sections 168.500 to 168.515,
168 RSMo, shall be placed in the teachers' fund.

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

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

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

176 (c) Beginning in fiscal year 2008, as much as was spent per the second preceding year's
177 weighted average daily attendance for certificated compensation and tuition expenditures the
178 previous year from revenue produced by local and county tax sources in the teachers' fund, plus
179 the amount of the incidental fund to teachers' fund transfer calculated to be local and county tax
180 sources by dividing local and county tax sources in the incidental fund by total revenue in the
181 incidental fund. In the event a district fails to comply with this provision, the amount by which
182 the district fails to spend funds as provided herein shall be deducted from the district's state
183 revenue received under the provisions of subsections 1, 2, and 4 of this section for the following
184 year, provided that the state board of education may exempt a school district from this provision
185 if the state board of education determines that circumstances warrant such exemption.

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

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