

SECOND REGULAR SESSION

HOUSE BILL NO. 2166

95TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES WALLACE (Sponsor), MUNZLINGER, SHIVELY, GUEST,
DENISON, WASSON, KINGERY, BRINGER, WETER, DETHROW, WELLS, HOBBS, THOMSON,
SATER, SCHAD, SANDER AND McNARY (Co-sponsors).

4854L.01I

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal section 163.011, RSMo, and to enact in lieu thereof one new section relating to school funding, with an emergency clause.

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Section A. Section 163.011, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 163.011, to read as follows: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) of this subdivision plus any increases in state funding
35 pursuant to sections 163.031 and 163.043 subsequent to fiscal year 2005, not to exceed five
36 percent, per recalculation, of the state revenue received by a district in the 2004-05 school year
37 from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share,
38 and free textbook payments for any district from the first preceding calculation of the state
39 adequacy target. Beginning on July 1, 2010, current operating expenditures shall be the amount
40 in paragraph (a) of this subdivision plus any increases in state funding pursuant to sections
41 163.031 and 163.043 subsequent to fiscal year 2005 received by a district in the 2004-05 school
42 year from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair
43 share, and free textbook payments for any district from the first preceding calculation of the state
44 adequacy target;

45 (4) "District's tax rate ceiling", the highest tax rate ceiling in effect subsequent to the
46 1980 tax year or any subsequent year. Such tax rate ceiling shall not contain any tax levy for
47 debt service;

48 (5) "Dollar-value modifier", an index of the relative purchasing power of a dollar,
49 calculated as one plus fifteen percent of the difference of the regional wage ratio minus one,
50 provided that, **beginning with fiscal year 2011**, the dollar value modifier shall [not be applied
51 at a rate less than] **be set for all districts at a value of 1.0:**

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

56 (b) "Regional wage per job":

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

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

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

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

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

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

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

86 (8) "Limited English proficiency pupil count", the number in the preceding school year
87 of pupils aged three through twenty-one enrolled or preparing to enroll in an elementary school

88 or secondary school who were not born in the United States or whose native language is a
89 language other than English or are Native American or Alaskan native, or a native resident of
90 the outlying areas, and come from an environment where a language other than English has had
91 a significant impact on such individuals' level of English language proficiency, or are migratory,
92 whose native language is a language other than English, and who come from an environment
93 where a language other than English is dominant; and have difficulties in speaking, reading,
94 writing, or understanding the English language sufficient to deny such individuals the ability to
95 meet the state's proficient level of achievement on state assessments described in Public Law
96 107-10, the ability to achieve successfully in classrooms where the language of instruction is
97 English, or the opportunity to participate fully in society;

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

103 (10) "Local effort":

104 (a) For the fiscal year 2007 calculation, "local effort" shall be computed as the equalized
105 assessed valuation of the property of a school district in calendar year 2004 divided by one
106 hundred and multiplied by the performance levy less the percentage retained by the county
107 assessor and collector plus one hundred percent of the amount received in fiscal year 2005 for
108 school purposes from intangible taxes, fines, escheats, payments in lieu of taxes and receipts
109 from state-assessed railroad and utility tax, one hundred percent of the amount received for
110 school purposes pursuant to the merchants' and manufacturers' taxes under sections 150.010 to
111 150.370, RSMo, one hundred percent of the amounts received for school purposes from federal
112 properties under sections 12.070 and 12.080, RSMo, except when such amounts are used in the
113 calculation of federal impact aid pursuant to P.L. 81-874, fifty percent of Proposition C revenues
114 received for school purposes from the school district trust fund under section 163.087, and one
115 hundred percent of any local earnings or income taxes received by the district for school
116 purposes. Under this paragraph, for a special district established under sections 162.815 to
117 162.940, RSMo, in a county with a charter form of government and with more than one million
118 inhabitants, a tax levy of zero shall be utilized in lieu of the performance levy for the special
119 school district;

120 (b) In every year subsequent to fiscal year 2007, "local effort" shall be the amount
121 calculated under paragraph (a) of this subdivision plus any increase in the amount received for
122 school purposes from fines. If a district's assessed valuation has decreased subsequent to the
123 calculation outlined in paragraph (a) of this subdivision, the district's local effort shall be

124 calculated using the district's current assessed valuation in lieu of the assessed valuation utilized
125 in the calculation outlined in paragraph (a) of this subdivision;

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

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

131 (b) The number of resident full-time students and the full-time equivalent number of
132 part-time students who were enrolled in the public schools of the district on the last Wednesday
133 in January of the previous year and who were in attendance one day or more during the preceding
134 ten school days, plus the full-time equivalent number of summer school pupils. "Full-time
135 equivalent number of part-time students" is determined by dividing the total number of hours for
136 which all part-time students are enrolled by the number of hours in the school term. "Full-time
137 equivalent number of summer school pupils" is determined by dividing the total number of hours
138 for which all summer school pupils were enrolled by the number of hours required pursuant to
139 section 160.011, RSMo, in the school term. Only students eligible to be counted for average
140 daily attendance shall be counted for membership;

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

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

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

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

152 (16) "Special education pupil count", the number of public school students with a current
153 individualized education program or services plan and receiving services from the resident
154 district as of December first of the preceding school year, except for special education services
155 provided through a school district established under sections 162.815 to 162.940, RSMo, in a
156 county with a charter form of government and with more than one million inhabitants, in which
157 case the sum of the students in each district within the county exceeding the special education
158 threshold of each respective district within the county shall be counted within the special district

159 and not in the district of residence for purposes of distributing the state aid derived from the
160 special education pupil count;

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

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

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

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

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

Section B. Because immediate action is necessary to synchronize the requirements of
2 section A of this act with the school calendar and state fiscal year, section A of this act is deemed
3 necessary for the immediate preservation of the public health, welfare, peace, and safety, and is
4 hereby declared to be an emergency act within the meaning of the constitution, and section A of
5 this act shall be in full force and effect on July 1, 2010, or upon its passage and approval,
6 whichever occurs later.

✓