

SECOND REGULAR SESSION

HOUSE BILL NO. 2529

99TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE MORSE (151).

6467H.011

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.

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Section A. Section 163.011, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 163.011, to read as follows: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;
- (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, **other than hours attended by resident pupils on the two days with the lowest attendance rates for the term in the district**, by the actual number of hours school was in session in that term, **other than the hours school was in session on the two days with the lowest attendance rates for the term in the district**. 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 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

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.

18 are residents of the school district and who are attending kindergarten through grade twelve in
19 such district. If a child is attending school in a district other than the district of residence and the
20 child's parent is teaching in the school district or is a regular employee of the school district
21 which the child is attending, then such child shall be considered a resident pupil of the school
22 district which the child is attending for such period of time when the district of residence is not
23 otherwise liable for tuition. Average daily attendance for students below the age of five years
24 for which a school district may receive state aid based on such attendance shall be computed as
25 regular school term attendance unless otherwise provided by law;

26 (3) "Current operating expenditures":

27 (a) For the fiscal year 2007 calculation, "current operating expenditures" shall be
28 calculated using data from fiscal year 2004 and shall be calculated as all expenditures for
29 instruction and support services except capital outlay and debt service expenditures minus the
30 revenue from federal categorical sources; food service; student activities; categorical payments
31 for transportation costs pursuant to section 163.161; state reimbursements for early childhood
32 special education; the career ladder entitlement for the district, as provided for in sections
33 168.500 to 168.515; the vocational education entitlement for the district, as provided for in
34 section 167.332; and payments from other districts;

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

42 (4) "District's tax rate ceiling", the highest tax rate ceiling in effect subsequent to the
43 1980 tax year or any subsequent year. Such tax rate ceiling shall not contain any tax levy for
44 debt service;

45 (5) "Dollar-value modifier", an index of the relative purchasing power of a dollar,
46 calculated as one plus fifteen percent of the difference of the regional wage ratio minus one,
47 provided that the dollar value modifier shall not be applied at a rate less than 1.0. **As used in**
48 **this subdivision, the following terms mean:**

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

53 (b) "Regional wage per job":

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

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

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

71 (c) “Regional wage ratio”, the ratio of the regional wage per job divided by the state
72 median wage per job;

73 (d) “State median wage per job”, the fifty-eighth highest county wage per job;

74 (6) “Free and reduced price lunch pupil count”, for school districts not eligible for and
75 those that do not choose the USDA Community Eligibility Option, the number of pupils eligible
76 for free and reduced price lunch on the last Wednesday in January for the preceding school year
77 who were enrolled as students of the district, as approved by the department in accordance with
78 applicable federal regulations. For eligible school districts that choose the USDA Community
79 Eligibility Option, the free and reduced price lunch pupil count shall be the percentage of free
80 and reduced price lunch students calculated as eligible on the last Wednesday in January of the
81 most recent school year that included household applications to determine free and reduced price
82 lunch count multiplied by the district’s average daily attendance figure;

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

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

90 or secondary school who were not born in the United States or whose native language is a
91 language other than English or are Native American or Alaskan native, or a native resident of
92 the outlying areas, and come from an environment where a language other than English has had
93 a significant impact on such individuals' level of English language proficiency, or are migratory,
94 whose native language is a language other than English, and who come from an environment
95 where a language other than English is dominant; and have difficulties in speaking, reading,
96 writing, or understanding the English language sufficient to deny such individuals the ability to
97 meet the state's proficient level of achievement on state assessments described in Public Law
98 ~~[407-10]~~ **107-110 or successor legislation**, the ability to achieve successfully in classrooms
99 where the language of instruction is English, or the opportunity to participate fully in society;

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

105 (10) "Local effort":

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

122 (b) In every year subsequent to fiscal year 2007, "local effort" shall be the amount
123 calculated under paragraph (a) of this subdivision plus any increase in the amount received for
124 school purposes from fines. If a district's assessed valuation has decreased subsequent to the
125 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 the calculation outlined in paragraph (a) of this subdivision. When a change in a school district's boundary lines occurs because of a boundary line change, annexation, attachment, consolidation, reorganization, or dissolution under section 162.071, 162.081, sections 162.171 to 162.201, section 162.221, 162.223, 162.431, 162.441, or 162.451, or in the event that a school district assumes any territory from a district that ceases to exist for any reason, the department of elementary and secondary education shall make a proper adjustment to each affected district's local effort, so that each district's local effort figure conforms to the new boundary lines of the district. The department shall compute the local effort figure by applying the calendar year 2004 assessed valuation data to the new land areas resulting from the boundary line change, annexation, attachment, consolidation, reorganization, or dissolution and otherwise follow the procedures described in this subdivision;

(11) "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 in the school term. Only students eligible to be counted for average daily attendance shall be counted for membership;

(12) "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 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) "Performance district", any district that has met performance standards and indicators as established by the department of elementary and secondary education for purposes of accreditation under section 161.092 and as reported on the final annual performance report for that district each year; for calculations to be utilized for payments in fiscal years subsequent

162 to fiscal year 2018, the number of performance districts shall not exceed twenty-five percent of
163 all public school districts;

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

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

166 (16) "Special education pupil count", the number of public school students with a current
167 individualized education program or services plan and receiving services from the resident
168 district as of December first of the preceding school year, except for special education services
169 provided through a school district established under sections 162.815 to 162.940 in a county with
170 a charter form of government and with more than one million inhabitants, in which case the sum
171 of the students in each district within the county exceeding the special education threshold of
172 each respective district within the county shall be counted within the special district and not in
173 the district of residence for purposes of distributing the state aid derived from the special
174 education pupil count;

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

180 (18) "State adequacy target", the sum of the current operating expenditures of every
181 performance district that falls entirely above the bottom five percent and entirely below the top
182 five percent of average daily attendance, when such districts are rank-ordered based on their
183 current operating expenditures per average daily attendance, divided by the total average daily
184 attendance of all included performance districts. The department of elementary and secondary
185 education shall first calculate the state adequacy target for fiscal year 2007 and recalculate the
186 state adequacy target every two years using the most current available data. The recalculation
187 shall never result in a decrease from the state adequacy target as calculated for fiscal years 2017
188 and 2018 and any state adequacy target figure calculated subsequent to fiscal year 2018. Should
189 a recalculation result in an increase in the state adequacy target amount, fifty percent of that
190 increase shall be included in the state adequacy target amount in the year of recalculation, and
191 fifty percent of that increase shall be included in the state adequacy target amount in the
192 subsequent year. The state adequacy target may be adjusted to accommodate available
193 appropriations as provided in subsection 7 of section 163.031;

194 (19) "Teacher", any teacher, teacher-secretary, substitute teacher, supervisor, principal,
195 supervising principal, superintendent or assistant superintendent, school nurse, social worker,
196 counselor or librarian who shall, regularly, teach or be employed for no higher than grade twelve

197 more than one-half time in the public schools and who is certified under the laws governing the
198 certification of teachers in Missouri;

199 (20) “Weighted average daily attendance”, the average daily attendance plus the product
200 of twenty-five hundredths multiplied by the free and reduced price lunch pupil count that exceeds
201 the free and reduced price lunch threshold, plus the product of seventy-five hundredths
202 multiplied by the number of special education pupil count that exceeds the special education
203 threshold, plus the product of six-tenths multiplied by the number of limited English proficiency
204 pupil count that exceeds the limited English proficiency threshold. For special districts
205 established under sections 162.815 to 162.940 in a county with a charter form of government and
206 with more than one million inhabitants, weighted average daily attendance shall be the average
207 daily attendance plus the product of twenty-five hundredths multiplied by the free and reduced
208 price lunch pupil count that exceeds the free and reduced price lunch threshold, plus the product
209 of seventy-five hundredths multiplied by the sum of the special education pupil count that
210 exceeds the threshold for each county district, plus the product of six-tenths multiplied by the
211 limited English proficiency pupil count that exceeds the limited English proficiency threshold.
212 None of the districts comprising a special district established under sections 162.815 to 162.940
213 in a county with a charter form of government and with more than one million inhabitants[;] shall
214 use any special education pupil count in calculating their weighted average daily attendance.

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