House

\_ Amendment NO.\_\_\_\_

	Offered By
1 2 3	AMEND House Committee Substitute for House Bill No. 497, Page 15, Section 160.665, Line 71, by inserting after all of the said section and line the following:
4	"163.011. As used in this chapter unless the context requires otherwise:
5	(1) "Adjusted operating levy", the sum of tax rates for the current year for teachers' and
6	incidental funds for a school district as reported to the proper officer of each county pursuant to
7	section 164.011;
8	(2) "Average daily attendance", the quotient or the sum of the quotients obtained by dividing
9	the total number of hours attended in a term by resident pupils between the ages of five and twenty-
10	one by the actual number of hours school was in session in that term. To the average daily
11	attendance of the following school term shall be added the full-time equivalent average daily
12	attendance of summer school students. "Full-time equivalent average daily attendance of summer
13	school students" shall be computed by dividing the total number of hours, except for physical
14	education hours that do not count as credit toward graduation for students in grades nine, ten,
15	eleven, and twelve, attended by all summer school pupils by the number of hours required in section
16	160.011 in the school term. For purposes of determining average daily attendance under this
17	subdivision, the term "resident pupil" shall include all children between the ages of five and twenty-
18	one who are residents of the school district and who are attending kindergarten through grade twelve
19	in 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 which
21	the child is attending, then such child shall be considered a resident pupil of the school district
22	which the child is attending for such period of time when the district of residence is not otherwise
23	liable for tuition. Average daily attendance for students below the age of five years for which a
24	school district may receive state aid based on such attendance shall be computed as regular school
25	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 calculated
28	using data from fiscal year 2004 and shall be calculated as all expenditures for instruction and
29	support services except capital outlay and debt service expenditures minus the revenue from federal
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categorical sources; food service; student activities; categorical payments for transportation costs 30

Action Taken\_\_\_\_\_ Date \_\_\_\_\_

pursuant to section 163.161; state reimbursements for early childhood special education; the career
ladder entitlement for the district, as provided for in sections 168.500 to 168.515; the vocational
education entitlement for the district, as provided for in section 167.332; and payments from other
districts;

5 (b) In every fiscal year [subsequent to fiscal year 2007] from 2008 to 2024, current 6 operating expenditures shall be the amount in paragraph (a) of this subdivision plus any increases in 7 state funding pursuant to sections 163.031 and 163.043 subsequent to fiscal year 2005, not to exceed 8 five percent, per recalculation, of the state revenue received by a district in the 2004-05 school year 9 from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share, and 10 free textbook payments for any district from the first preceding calculation of the state adequacy 11 target;

12 (c) a. In fiscal years 2025 and 2026, current operating expenditures shall be the amount in 13 paragraph (a) of this subdivision plus any increases in state funding under sections 163.031 and 14 163.043 subsequent to fiscal year 2005, not to exceed six percent, per recalculation, of the state revenue received by a district in the 2004-05 school year from the foundation formula, line 14, 15 gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payments for any 16 17 district from the first preceding calculation of the state adequacy target; 18 b. In fiscal years 2027 and 2028, current operating expenditures shall be the amount in 19 paragraph (a) of this subdivision plus any increases in state funding under sections 163.031 and 163.043 subsequent to fiscal year 2005, not to exceed seven percent, per recalculation, of the state 20 21 revenue received by a district in the 2004-05 school year from the foundation formula, line 14, 22 gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payments for any 23 district from the first preceding calculation of the state adequacy target; 24 c. In fiscal years 2029 and 2030, current operating expenditures shall be the amount in 25 paragraph (a) of this subdivision plus any increases in state funding under sections 163.031 and 26 163.043 subsequent to fiscal year 2005, not to exceed eight percent, per recalculation, of the state 27 revenue received by a district in the 2004-05 school year from the foundation formula, line 14,

28 gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payments for any

29 <u>district from the first preceding calculation of the state adequacy target;</u>

30 d. In fiscal years 2031 and 2032, and in all subsequent biennial fiscal years, current 31 operating expenditures shall be the amount in paragraph (a) of this subdivision plus any increases in 32 state funding under sections 163.031 and 163.043 subsequent to fiscal year 2005, not to exceed nine 33 percent, per recalculation, of the state revenue received by a district in the 2004-05 school year from 34 the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share, and free 35 textbook payments for any district from the first preceding calculation of the state adequacy target. 36 Reimbursements of any increased costs incurred as a result of the calculation required under this paragraph in fiscal year 2033 and any subsequent fiscal year shall be subject to appropriations; 37 38 (4) "District's tax rate ceiling", the highest tax rate ceiling in effect subsequent to the 1980 39 tax year or any subsequent year. Such tax rate ceiling shall not contain any tax levy for debt service; 1 (5) "Dollar-value modifier", an index of the relative purchasing power of a dollar, calculated 2 as one plus fifteen percent of the difference of the regional wage ratio minus one, provided that the 3 dollar value modifier shall not be applied at a rate less than 1.0. As used in this subdivision, the 4 <u>following terms mean</u>:

- 5 (a) "County wage per job", the total county wage and salary disbursements divided by the 6 total county wage and salary employment for each county and the City of St. Louis as reported by 7 the Bureau of Economic Analysis of the United States Department of Commerce for the fourth year 8 preceding the payment year;
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(b) "Regional wage per job":

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

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

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

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

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

(6) "Free and reduced price lunch pupil count", for school districts not eligible for and those that do not choose the USDA Community Eligibility Option, the number of pupils eligible for free and reduced price lunch on the last Wednesday in January for the preceding school year who were enrolled as students of the district, as approved by the department in accordance with applicable federal regulations. For eligible school districts that choose the USDA Community Eligibility Option, the free and reduced price lunch pupil count shall be the percentage of free and reduced price lunch students calculated as eligible on the last Wednesday in January of the most recent

- 37 school year that included household applications to determine free and reduced price lunch count
- 38 multiplied by the district's average daily attendance figure;

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

6 (8) "Limited English proficiency pupil count", the number in the preceding school year of 7 pupils aged three through twenty-one enrolled or preparing to enroll in an elementary school or 8 secondary school who were not born in the United States or whose native language is a language 9 other than English or are Native American or Alaskan native, or a native resident of the outlying 10 areas, and come from an environment where a language other than English has had a significant impact on such individuals' level of English language proficiency, or are migratory, whose native 11 12 language is a language other than English, and who come from an environment where a language 13 other than English is dominant; and have difficulties in speaking, reading, writing, or understanding 14 the English language sufficient to deny such individuals the ability to meet the state's proficient 15 level of achievement on state assessments described in Public Law [107-10] 107-110, the ability to 16 achieve successfully in classrooms where the language of instruction is English, or the opportunity 17 to participate fully in society;

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

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(10) "Local effort":

24 (a) For the fiscal year 2007 calculation, "local effort" shall be computed as the equalized 25 assessed valuation of the property of a school district in calendar year 2004 divided by one hundred 26 and multiplied by the performance levy less the percentage retained by the county assessor and 27 collector plus one hundred percent of the amount received in fiscal year 2005 for school purposes 28 from intangible taxes, fines, escheats, payments in lieu of taxes and receipts from state-assessed 29 railroad and utility tax, one hundred percent of the amount received for school purposes pursuant to 30 the merchants' and manufacturers' taxes under sections 150.010 to 150.370, one hundred percent of 31 the amounts received for school purposes from federal properties under sections 12.070 and 12.080 32 except when such amounts are used in the calculation of federal impact aid pursuant to P.L. 81-874, 33 fifty percent of Proposition C revenues received for school purposes from the school district trust 34 fund under section 163.087, and one hundred percent of any local earnings or income taxes received by the district for school purposes. Under this paragraph, for a special district established under 35 36 sections 162.815 to 162.940 in a county with a charter form of government and with more than one 37 million inhabitants, a tax levy of zero shall be utilized in lieu of the performance levy for the special 38 school district;

(b) In every year subsequent to fiscal year 2007, "local effort" shall be the amount 1 2 calculated under paragraph (a) of this subdivision plus any increase in the amount received for 3 school purposes from fines. If a district's assessed valuation has decreased subsequent to the 4 calculation outlined in paragraph (a) of this subdivision, the district's local effort shall be calculated 5 using the district's current assessed valuation in lieu of the assessed valuation utilized in the 6 calculation outlined in paragraph (a) of this subdivision. When a change in a school district's 7 boundary lines occurs because of a boundary line change, annexation, attachment, consolidation, 8 reorganization, or dissolution under section 162.071, 162.081, sections 162.171 to 162.201, section 9 162.221, 162.223, 162.431, 162.441, or 162.451, or in the event that a school district assumes any 10 territory from a district that ceases to exist for any reason, the department of elementary and 11 secondary education shall make a proper adjustment to each affected district's local effort, so that 12 each district's local effort figure conforms to the new boundary lines of the district. The department 13 shall compute the local effort figure by applying the calendar year 2004 assessed valuation data to 14 the new land areas resulting from the boundary line change, annexation, attachment, consolidation, 15 reorganization, or dissolution and otherwise follow the procedures described in this subdivision;

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

(a) The number of resident full-time students and the full-time equivalent number of parttime 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

21 (b) The number of resident full-time students and the full-time equivalent number of part-22 time students who were enrolled in the public schools of the district on the last Wednesday in 23 January of the previous year and who were in attendance one day or more during the preceding ten 24 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 25 26 part-time students are enrolled by the number of hours in the school term. "Full-time equivalent 27 number of summer school pupils" is determined by dividing the total number of hours for which all 28 summer school pupils were enrolled by the number of hours required pursuant to section 160.011 in 29 the school term. Only students eligible to be counted for average daily attendance shall be counted 30 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 to fiscal

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

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

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

5 (16) "Special education pupil count", the number of public school students with a current 6 individualized education program or services plan and receiving services from the resident district 7 as of December first of the preceding school year, except for special education services provided 8 through a school district established under sections 162.815 to 162.940 in a county with a charter 9 form of government and with more than one million inhabitants, in which case the sum of the 10 students in each district within the county exceeding the special education threshold of each respective district within the county shall be counted within the special district and not in the district 11 12 of residence for purposes of distributing the state aid derived from the special education pupil count;

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

18 (18) "State adequacy target", the sum of the current operating expenditures of every 19 performance district that falls entirely above the bottom five percent and entirely below the top five 20 percent of average daily attendance, when such districts are rank-ordered based on their current 21 operating expenditures per average daily attendance, divided by the total average daily attendance of 22 all included performance districts. The department of elementary and secondary education shall 23 first calculate the state adequacy target for fiscal year 2007 and recalculate the state adequacy target every two years using the most current available data. The recalculation shall never result in a 24 25 decrease from the state adequacy target as calculated for fiscal years 2017 and 2018 and any state 26 adequacy target figure calculated subsequent to fiscal year 2018. Should a recalculation result in an 27 increase in the state adequacy target amount, fifty percent of that increase shall be included in the 28 state adequacy target amount in the year of recalculation, and fifty percent of that increase shall be 29 included in the state adequacy target amount in the subsequent year. The state adequacy target may 30 be adjusted to accommodate available appropriations as provided in subsection 7 of section 31 163.031;

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

(20) "Weighted average daily attendance", the average daily attendance plus the product of
twenty-five hundredths multiplied by the free and reduced price lunch pupil count that exceeds the
free and reduced price lunch threshold, plus the [product of seventy-five hundredths multiplied by

the] number of the special education pupil count that exceeds the special education threshold, plus 1 2 the product of six-tenths multiplied by the number of limited English proficiency pupil count that 3 exceeds the limited English proficiency threshold. For special districts established under sections 4 162.815 to 162.940 in a county with a charter form of government and with more than one million 5 inhabitants, weighted average daily attendance shall be the average daily attendance plus the 6 product of twenty-five hundredths multiplied by the free and reduced price lunch pupil count that 7 exceeds the free and reduced price lunch threshold, plus the [product of seventy-five hundredths 8 multiplied by the sum] number of the special education pupil count that exceeds the threshold for 9 each county district, plus the product of six-tenths multiplied by the limited English proficiency 10 pupil count that exceeds the limited English proficiency threshold. None of the districts comprising a special district established under sections 162.815 to 162.940 in a county with a charter form of 11 12 government and with more than one million inhabitants [,] shall use any special education pupil 13 count in calculating their weighted average daily attendance.

14 163.031. 1. The department of elementary and secondary education shall calculate and 15 distribute to each school district qualified to receive state aid under section 163.021 an amount 16 determined by multiplying the district's weighted average daily attendance by the state adequacy 17 target, multiplying this product by the dollar value modifier for the district, and subtracting from this 18 product the district's local effort and subtracting payments from the classroom trust fund under 19 section 163.043.

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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 2008-09 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 dollar value modifier, and dividing this product by the weighted average daily
attendance computed for the 2005-06 school year;

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

34 (2) For districts with an average daily attendance of three hundred fifty or less in the school35 year preceding the payment year:

(a) For the 2008-09 school year, the state revenue 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 greater of state revenue received by a district in the
2004-05 or 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 dollar value
 modifier;

- 3 (b) For each year subsequent to the 2008-09 school year, the amount shall be no less than
  4 that computed in paragraph (a) of this subdivision;
- 5 (3) The department of elementary and secondary education shall make an addition in the 6 payment amount specified in subsection 1 of this section to assure compliance with the provisions 7 contained in this subsection.

8 3. School districts that meet the requirements of section 163.021 shall receive categorical 9 add-on revenue as provided in this subsection. The categorical add-on for the district shall be the 10 sum of: seventy-five percent of the district allowable transportation costs under section 163.161; the 11 career ladder entitlement for the district, as provided for in sections 168.500 to 168.515; the 12 vocational education entitlement for the district, as provided for in section 167.332; and the district 13 educational and screening program entitlements as provided for in sections 178.691 to 178.699. The 14 categorical add-on revenue amounts may be adjusted to accommodate available appropriations.

4. For any school district meeting the eligibility criteria for state aid as established in section 16 163.021, but which is considered an option district under section 163.042 and therefore receives no state aid, the commissioner of education shall present a plan to the superintendent of the school district for the waiver of rules and the duration of said waivers, in order to promote flexibility in the operations of the district and to enhance and encourage efficiency in the delivery of instructional services as provided in section 163.042.

21 5. (1) (a) No less than seventy-five percent of the state revenue received under the 22 provisions of subsections 1 and 2 of this section shall be placed in the teachers' fund, and the 23 remaining percent of such moneys shall be placed in the incidental fund. No less than seventy-five 24 percent of one-half of the funds received from the school district trust fund distributed under section 25 163.087 shall be placed in the teachers' fund. One hundred percent of revenue received under the 26 provisions of section 163.161 shall be placed in the incidental fund. One hundred percent of 27 revenue received under the provisions of sections 168.500 to 168.515 shall be placed in the teachers' 28 fund.

(b) Beginning in fiscal year 2025, eighty-five percent of additional revenue resulting from
 the percentage increase in each biennial calculation described in paragraph (c) of subdivision (3) of

31 section 163.011 shall be placed in the teachers' fund, and the remaining percent of such moneys

32 <u>shall be placed in the incidental fund.</u>

- 33 (2) A school district shall spend for certificated compensation and tuition expenditures each
  34 year:
- (a) An amount equal to at least seventy-five percent of the state revenue received under the
   provisions of subsections 1 and 2 of this section;
- 37 (b) An amount equal to at least seventy-five percent of one-half of the funds received from
   38 the school district trust fund distributed under section 163.087 during the preceding school year; and

(c) Beginning in fiscal year 2008, as much as was spent per the second preceding year's 1 2 weighted average daily attendance for certificated compensation and tuition expenditures the 3 previous year from revenue produced by local and county tax sources in the teachers' fund, plus the 4 amount of the incidental fund to teachers' fund transfer calculated to be local and county tax sources 5 by dividing local and county tax sources in the incidental fund by total revenue in the incidental 6 fund.

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8 In the event a district fails to comply with this provision, the amount by which the district fails to 9 spend funds as provided herein shall be deducted from the district's state revenue received under the provisions of subsections 1 and 2 of this section for the following year, provided that the state board 10 of education may exempt a school district from this provision if the state board of education 11 12 determines that circumstances warrant such exemption.

13 6. (1) If a school district's annual audit discloses that students were inappropriately 14 identified as eligible for free and reduced price lunch, special education, or limited English 15 proficiency and the district does not resolve the audit finding, the department of elementary and 16 secondary education shall require that the amount of aid paid pursuant to the weighting for free and reduced price lunch, special education, or limited English proficiency in the weighted average daily 17 18 attendance on the inappropriately identified pupils be repaid by the district in the next school year 19 and shall additionally impose a penalty of one hundred percent of such aid paid on such pupils, 20 which penalty shall also be paid within the next school year. Such amounts may be repaid by the 21 district through the withholding of the amount of state aid.

22 (2) In the 2017-18 school year and in each subsequent school year, if a district experiences a 23 decrease in its gifted program enrollment of twenty percent or more from the previous school year, 24 an amount equal to the product of the difference between the number of students enrolled in the 25 gifted program in the current school year and the number of students enrolled in the gifted program in the previous school year multiplied by six hundred eighty dollars shall be subtracted from the 26 27 district's current year payment amount. The provisions of this subdivision shall apply to districts 28 entitled to receive state aid payments under both subsections 1 and 2 of this section but shall not 29 apply to any school district with an average daily attendance of three hundred fifty or less.

30 7. Notwithstanding any provision of law to the contrary, in any fiscal year during which the 31 total formula appropriation is insufficient to fully fund the entitlement calculation of this section, the 32 department of elementary and secondary education shall adjust the state adequacy target in order to 33 accommodate the appropriation level for the given fiscal year. In no manner shall any payment 34 modification be rendered for any district qualified to receive payments under subsection 2 of this 35 section based on insufficient appropriations.

36 8. Notwithstanding any provision of law to the contrary, school districts that receive revenue 37 from the tax authorized under sections 148.030, 148.140, 148.620, and 148.720 shall, beginning 38 January 1, 2020, and every January first thereafter, report the amount of said revenue received by 39 the district to the department. The department shall, based on the data submitted by the district,

- 1 determine the total amount of revenue the district would have received from the tax authorized
- 2 under sections 148.030, 148.140, 148.620, and 148.720 absent the provisions of section 148.720,
- 3 and remit the following amount to each applicable district not less than thirty days after the
- 4 conclusion of each calendar year. The amount remitted to each district shall be the total of the
- 5 revenue received by the district from the tax authorized under sections 148.030, 148.140, 148.620,
- 6 and 148.720 during the applicable calendar year times one and five thousand six hundred twenty-
- 7 five ten thousandths minus the total of the revenue received by the district from the tax authorized
- 8 under sections 148.030, 148.140, 148.620, and 148.720 during the same calendar year. This
- 9 payment shall be in addition to payments authorized under subsections 1, 2, and 7 of this section and
- 10 shall be made from the annual appropriation to fund this section."; and
- 11
- 12 Further amend said bill by amending the title, enacting clause, and intersectional references
- 13 accordingly.