

FIRST REGULAR SESSION

HOUSE BILL NO. 529

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE BLACK.

1030H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 163.011, 163.021, and 163.031, RSMo, and to enact in lieu thereof three new sections relating to state aid distributed to school districts.

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

Section A. Sections 163.011, 163.021, and 163.031, RSMo, are repealed and three
2 new sections enacted in lieu thereof, to be known as sections 163.011, 163.021, and 163.031,
3 to read as follows:

163.011. As used in this chapter unless the context requires otherwise:

2 (1) "Adjusted operating levy", the sum of tax rates for the current year for teachers'
3 and incidental funds for a school district as reported to the proper officer of each county
4 pursuant to section 164.011;

5 (2) "Average daily attendance", the quotient or the sum of the quotients obtained by
6 dividing the total number of hours attended in a term by resident pupils between the ages of
7 five and twenty-one by the actual number of hours school was in session in that term. To the
8 average daily attendance of the following school term shall be added the full-time equivalent
9 average daily attendance of summer school students. "Full-time equivalent average daily
10 attendance of summer school students" shall be computed by dividing the total number of
11 hours, except for physical education hours that do not count as credit toward graduation for
12 students in grades nine, ten, eleven, and twelve, attended by all summer school pupils by the
13 number of hours required in section 160.011 in the school term. For purposes of determining
14 average daily attendance under this subdivision, the term "resident pupil" shall include all
15 children between the ages of five and twenty-one who are residents of the school district and
16 who are attending kindergarten through grade twelve in such district. If a child is attending

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.

17 school in a district other than the district of residence and the child's parent is teaching in the
18 school district or is a regular employee of the school district which the child is attending, then
19 such child shall be considered a resident pupil of the school district which the child is
20 attending for such period of time when the district of residence is not otherwise liable for
21 tuition. Average daily attendance for students below the age of five years for which a school
22 district may receive state aid based on such attendance shall be computed as regular school
23 term attendance unless 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
29 payments for transportation costs pursuant to section 163.161; state reimbursements for early
30 childhood special education; the career ladder entitlement for the district, as provided for in
31 sections 168.500 to 168.515; the vocational education entitlement for the district, as provided
32 for in section 167.332; and payments from other districts;

33 (b) In every fiscal year [~~subsequent to fiscal year 2007~~] **from 2008 to 2024**, current
34 operating expenditures shall be the amount in paragraph (a) of this subdivision plus any
35 increases in state funding pursuant to sections 163.031 and 163.043 subsequent to fiscal year
36 2005, not to exceed five percent, per recalculation, of the state revenue received by a district
37 in the 2004-05 school year from the foundation formula, line 14, gifted, remedial reading,
38 exceptional pupil aid, fair share, and free textbook payments for any district from the first
39 preceding calculation of the state adequacy target;

40 (c) **a. In fiscal years 2025 and 2026, current operating expenditures shall be the**
41 **amount in paragraph (a) of this subdivision plus any increases in state funding under**
42 **sections 163.031 and 163.043 subsequent to fiscal year 2005, not to exceed six percent,**
43 **per recalculation, of the state revenue received by a district in the 2004-05 school year**
44 **from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid,**
45 **fair share, and free textbook payments for any district from the first preceding**
46 **calculation of the state adequacy target;**

47 **b. In fiscal years 2027 and 2028, current operating expenditures shall be the**
48 **amount in paragraph (a) of this subdivision plus any increases in state funding under**
49 **sections 163.031 and 163.043 subsequent to fiscal year 2005, not to exceed seven percent,**
50 **per recalculation, of the state revenue received by a district in the 2004-05 school year**
51 **from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid,**
52 **fair share, and free textbook payments for any district from the first preceding**
53 **calculation of the state adequacy target;**

54 c. In fiscal years 2029 and 2030, current operating expenditures shall be the
55 amount in paragraph (a) of this subdivision plus any increases in state funding under
56 sections 163.031 and 163.043 subsequent to fiscal year 2005, not to exceed eight percent,
57 per recalculation, of the state revenue received by a district in the 2004-05 school year
58 from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid,
59 fair share, and free textbook payments for any district from the first preceding
60 calculation of the state adequacy target;

61 d. In fiscal years 2031 and 2032, current operating expenditures shall be the
62 amount in paragraph (a) of this subdivision plus any increases in state funding under
63 sections 163.031 and 163.043 subsequent to fiscal year 2005, not to exceed nine percent,
64 per recalculation, of the state revenue received by a district in the 2004-05 school year
65 from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid,
66 fair share, and free textbook payments for any district from the first preceding
67 calculation of the state adequacy target; and

68 e. Beginning in fiscal year 2033, and in all subsequent biennial fiscal years,
69 current operating expenditures shall be the amount in paragraph (b) of this subdivision
70 as calculated in fiscal year 2024, plus any increases in state funding under sections
71 163.031 and 163.043 subsequent to fiscal year 2024, per recalculation, of the state
72 revenue received by a district in the 2023 to 2024 school year from the foundation
73 formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share, and free
74 textbook payments for any district from the first preceding calculation of the state
75 adequacy target. Reimbursements of any increased costs incurred as a result of the
76 calculation required under this paragraph in fiscal year 2033 and any subsequent fiscal
77 year shall be subject to appropriations;

78 (4) "District's tax rate ceiling", the highest tax rate ceiling in effect subsequent to the
79 1980 tax year or any subsequent year. Such tax rate ceiling shall not contain any tax levy for
80 debt service;

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

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

89 (b) "Regional wage per job":

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

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

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

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

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

111 (6) "Free and reduced price lunch pupil count", for school districts not eligible for and
112 those that do not choose the USDA Community Eligibility Option, the number of pupils
113 eligible for free and reduced price lunch on the last Wednesday in January for the preceding
114 school year who were enrolled as students of the district, as approved by the department in
115 accordance with applicable federal regulations. For eligible school districts that choose the
116 USDA Community Eligibility Option, the free and reduced price lunch pupil count shall be
117 the percentage of free and reduced price lunch students calculated as eligible on the last
118 Wednesday in January of the most recent school year that included household applications to
119 determine free and reduced price lunch count multiplied by the district's average daily
120 attendance figure;

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

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

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

146 (10) "Local effort":

147 (a) For the fiscal year 2007 calculation, "local effort" shall be computed as the
148 equalized assessed valuation of the property of a school district in calendar year 2004 divided
149 by one hundred and multiplied by the performance levy less the percentage retained by the
150 county assessor and collector plus one hundred percent of the amount received in fiscal year
151 2005 for school purposes from intangible taxes, fines, escheats, payments in lieu of taxes and
152 receipts from state-assessed railroad and utility tax, one hundred percent of the amount
153 received for school purposes pursuant to the merchants' and manufacturers' taxes under
154 sections 150.010 to 150.370, one hundred percent of the amounts received for school
155 purposes from federal properties under sections 12.070 and 12.080 except when such
156 amounts are used in the calculation of federal impact aid pursuant to P.L. 81-874, fifty percent
157 of Proposition C revenues received for school purposes from the school district trust fund
158 under section 163.087, and one hundred percent of any local earnings or income taxes
159 received by the district for school purposes. Under this paragraph, for a special district
160 established under sections 162.815 to 162.940 in a county with a charter form of government
161 and with more than one million inhabitants, a tax levy of zero shall be utilized in lieu of the
162 performance levy for the special school district;

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

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

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

185 (b) The number of resident full-time students and the full-time equivalent number of
186 part-time students who were enrolled in the public schools of the district on the last
187 Wednesday in January of the previous year and who were in attendance one day or more
188 during the preceding ten school days, plus the full-time equivalent number of summer school
189 pupils. "Full-time equivalent number of part-time students" is determined by dividing the
190 total number of hours for which all part-time students are enrolled by the number of hours in
191 the school term. "Full-time equivalent number of summer school pupils" is determined by
192 dividing the total number of hours for which all summer school pupils were enrolled by the
193 number of hours required pursuant to section 160.011 in the school term. Only students
194 eligible to be counted for average daily attendance shall be counted for membership;

195 (12) "Operating levy for school purposes", the sum of tax rates levied for teachers'
196 and incidental funds plus the operating levy or sales tax equivalent pursuant to section
197 162.1100 of any transitional school district containing the school district, in the payment year,
198 not including any equalized operating levy for school purposes levied by a special school
199 district in which the district is located;

200 (13) "Performance district", any district that has met performance standards and
201 indicators as established by the department of elementary and secondary education for
202 purposes of accreditation under section 161.092 and as reported on the final annual
203 performance report for that district each year; for calculations to be utilized for payments in
204 fiscal years subsequent to fiscal year 2018, the number of performance districts shall not
205 exceed twenty-five percent of all public school districts;

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

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

208 (16) "Special education pupil count", the number of public school students with a
209 current individualized education program or services plan and receiving services from the
210 resident district as of December first of the preceding school year, except for special
211 education services provided through a school district established under sections 162.815 to
212 162.940 in a county with a charter form of government and with more than one million
213 inhabitants, in which case the sum of the students in each district within the county exceeding
214 the special education threshold of each respective district within the county shall be counted
215 within the special district and not in the district of residence for purposes of distributing the
216 state aid derived from the special education pupil count;

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

222 (18) "State adequacy target", the sum of the current operating expenditures of every
223 performance district that falls entirely above the bottom five percent and entirely below the
224 top five percent of average daily attendance, when such districts are rank-ordered based on
225 their current operating expenditures per average daily attendance, divided by the total average
226 daily attendance of all included performance districts. The department of elementary and
227 secondary education shall first calculate the state adequacy target for fiscal year 2007 and
228 recalculate the state adequacy target every two years using the most current available data.
229 The recalculation shall never result in a decrease from the state adequacy target as calculated
230 for fiscal years 2017 and 2018 and any state adequacy target figure calculated subsequent to
231 fiscal year 2018. Should a recalculation result in an increase in the state adequacy target
232 amount, fifty percent of that increase shall be included in the state adequacy target amount in
233 the year of recalculation, and fifty percent of that increase shall be included in the state
234 adequacy target amount in the subsequent year. The state adequacy target may be adjusted to
235 accommodate available appropriations as provided in subsection 7 of section 163.031;

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

241 (20) "Weighted average daily attendance", the average daily attendance plus the
242 product of twenty-five hundredths multiplied by the free and reduced price lunch pupil count
243 that exceeds the free and reduced price lunch threshold, plus the product of seventy-five
244 hundredths multiplied by the number of special education pupil count that exceeds the special
245 education threshold, plus the product of six-tenths multiplied by the number of limited
246 English proficiency pupil count that exceeds the limited English proficiency threshold. For
247 special districts established under sections 162.815 to 162.940 in a county with a charter form
248 of government and with more than one million inhabitants, weighted average daily attendance
249 shall be the average daily attendance plus the product of twenty-five hundredths multiplied by
250 the free and reduced price lunch pupil count that exceeds the free and reduced price lunch
251 threshold, plus the product of seventy-five hundredths multiplied by the sum of the special
252 education pupil count that exceeds the threshold for each county district, plus the product of
253 six-tenths multiplied by the limited English proficiency pupil count that exceeds the limited
254 English proficiency threshold. None of the districts comprising a special district established
255 under sections 162.815 to 162.940 in a county with a charter form of government and with
256 more than one million inhabitants[;] shall use any special education pupil count in calculating
257 their weighted average daily attendance.

163.021. 1. A school district shall receive state aid for its education program only if
2 it:

3 (1) Provides for a minimum of one hundred seventy-four days and one thousand
4 forty-four hours of actual pupil attendance in a term scheduled by the board pursuant to
5 section 160.041 for each pupil or group of pupils, except that the board shall provide a
6 minimum of one hundred seventy-four days and five hundred twenty-two hours of actual
7 pupil attendance in a term for kindergarten pupils. If any school is dismissed because of
8 inclement weather after school has been in session for three hours, that day shall count as a
9 school day including afternoon session kindergarten students. When the aggregate hours lost
10 in a term due to inclement weather decreases the total hours of the school term below the
11 required minimum number of hours by more than twelve hours for all-day students or six
12 hours for one-half-day kindergarten students, all such hours below the minimum must be
13 made up in one-half day or full day additions to the term, except as provided in section
14 171.033. In school year 2019-20 and subsequent years, one thousand forty-four hours of
15 actual pupil attendance with no minimum number of school days shall be required for each

16 pupil or group of pupils; except that, the board shall provide a minimum of five hundred
17 twenty-two hours of actual pupil attendance in a term for kindergarten pupils with no
18 minimum number of school days;

19 (2) Maintains adequate and accurate records of attendance, personnel and finances, as
20 required by the state board of education, which shall include the preparation of a financial
21 statement which shall be submitted to the state board of education the same as required by the
22 provisions of section 165.111 for districts;

23 (3) Levies an operating levy for school purposes of not less than one dollar and
24 twenty-five cents after all adjustments and reductions on each one hundred dollars assessed
25 valuation of the district; and

26 (4) Computes average daily attendance as defined in subdivision (2) of section
27 163.011 as modified by section 171.031. Whenever there has existed within the district an
28 infectious disease, contagion, epidemic, plague or similar condition whereby the school
29 attendance is substantially reduced for an extended period in any school year, the
30 apportionment of school funds and all other distribution of school moneys shall be made
31 on the basis of the school year next preceding the year in which such condition existed.

32 2. For the 2006-07 school year and thereafter, no school district shall receive more
33 state aid, as calculated under subsections 1 and 2 of section 163.031, for its education
34 program, exclusive of categorical add-ons, than it received per weighted average daily
35 attendance for the school year 2005-06 from the foundation formula, line 14, gifted, remedial
36 reading, exceptional pupil aid, fair share, and free textbook payment amounts, unless it has an
37 operating levy for school purposes, as determined pursuant to section 163.011, of not less
38 than two dollars and seventy-five cents after all adjustments and reductions. Any district
39 which is required, pursuant to Article X, Section 22 of the Missouri Constitution, to reduce its
40 operating levy below the minimum tax rate otherwise required under this subsection shall not
41 be construed to be in violation of this subsection for making such tax rate reduction. Pursuant
42 to Section 10(c) of Article X of the state constitution, a school district may levy the operating
43 levy for school purposes required by this subsection less all adjustments required pursuant to
44 Article X, Section 22 of the Missouri Constitution if such rate does not exceed the highest tax
45 rate in effect subsequent to the 1980 tax year. Nothing in this section shall be construed to
46 mean that a school district is guaranteed to receive an amount not less than the amount the
47 school district received per eligible pupil for the school year 1990-91. The provisions of this
48 subsection shall not apply to any school district located in a county of the second
49 classification which has a nuclear power plant located in such district or to any school district
50 located in a county of the third classification which has an electric power generation unit with
51 a rated generating capacity of more than one hundred fifty megawatts which is owned or
52 operated or both by a rural electric cooperative except that such school districts may levy for

53 current school purposes and capital projects an operating levy not to exceed two dollars and
54 seventy-five cents less all adjustments required pursuant to Article X, Section 22 of the
55 Missouri Constitution.

56 3. No school district shall receive more state aid, as calculated in section 163.031, for
57 its education program, exclusive of categorical add-ons, than it received per eligible pupil for
58 the school year 1993-94, if the state board of education determines that the district was not in
59 compliance in the preceding school year with the requirements of section 163.172, until such
60 time as the board determines that the district is again in compliance with the requirements of
61 section 163.172.

62 4. No school district shall receive state aid, pursuant to section 163.031, if such
63 district was not in compliance, during the preceding school year, with the requirement,
64 established pursuant to section 160.530 to allocate revenue to the professional development
65 committee of the district.

66 5. No school district shall receive more state aid, as calculated in subsections 1 and 2
67 of section 163.031, for its education program, exclusive of categorical add-ons, than it
68 received per weighted average daily attendance for the school year 2005-06 from the
69 foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share, and
70 free textbook payment amounts, if the district did not comply in the preceding school year
71 with the requirements of subsection 5 of section 163.031.

72 6. Any school district that levies an operating levy for school purposes that is less
73 than the performance levy, as such term is defined in section 163.011, shall provide written
74 notice to the department of elementary and secondary education asserting that the district is
75 providing an adequate education to the students of such district. If a school district asserts
76 that it is not providing an adequate education to its students, such inadequacy shall be deemed
77 to be a result of insufficient local effort. The provisions of this subsection shall not apply to
78 any special district established under sections 162.815 to 162.940.

79 7. **(1) As used in this subsection, the term "total compensation" means, as**
80 **calculated for the most recently completed full school year, all amounts of any salary,**
81 **wages, and fringe benefits provided by a school district to a superintendent or a teacher,**
82 **as applicable, except that "total compensation" shall not include any additional salary,**
83 **wages, or other monetary compensation provided by a school district to a school district**
84 **teacher for service performed on behalf of a school district as a coach, advisor, sponsor,**
85 **or other similar service.**

86 **(2) Beginning in the 2025-26 school year and in every subsequent school year,**
87 **state aid calculated under this section for any school district that provides a total**
88 **compensation to a superintendent or any administrative staff member that exceeds**
89 **three and one-half times the average total compensation provided to all teachers who**

90 **are certified under section 168.021 and employed full time by the school district in a**
91 **nonadministrative role shall be calculated using the state adequacy target for fiscal year**
92 **2024, until satisfactory proof is provided to the department that any such compensation**
93 **does not exceed three and one-half times the average total compensation provided to all**
94 **teachers who are certified under section 168.021 and are employed full time by the**
95 **school district in a nonadministrative role.**

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

7 2. Other provisions of law to the contrary notwithstanding:

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

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

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

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

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

29 (b) For each year subsequent to the 2008-09 school year, the amount shall be no less
30 than that computed in paragraph (a) of this subdivision;

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

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

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

48 5. (1) (a) No less than seventy-five percent of the state revenue received under the
49 provisions of subsections 1 and 2 of this section shall be placed in the teachers' fund, and the
50 remaining percent of such moneys shall be placed in the incidental fund. No less than
51 seventy-five percent of one-half of the funds received from the school district trust fund
52 distributed under section 163.087 shall be placed in the teachers' fund. One hundred percent
53 of revenue received under the provisions of section 163.161 shall be placed in the incidental
54 fund. One hundred percent of revenue received under the provisions of sections 168.500 to
55 168.515 shall be placed in the teachers' fund.

56 (b) **Beginning in fiscal year 2025, eighty-five percent of additional revenue**
57 **resulting from the percentage increase in each biennial calculation described in**
58 **paragraph (c) of subdivision (3) of section 163.011 shall be placed in the teachers' fund,**
59 **and the remaining percent of such moneys shall be placed in the incidental fund.**

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

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

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

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

73

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

79 6. (1) If a school district's annual audit discloses that students were inappropriately
80 identified as eligible for free and reduced price lunch, special education, or limited English
81 proficiency and the district does not resolve the audit finding, the department of elementary
82 and secondary education shall require that the amount of aid paid pursuant to the weighting
83 for free and reduced price lunch, special education, or limited English proficiency in the
84 weighted average daily attendance on the inappropriately identified pupils be repaid by the
85 district in the next school year and shall additionally impose a penalty of one hundred percent
86 of such aid paid on such pupils, which penalty shall also be paid within the next school year.
87 Such amounts may be repaid by the district through the withholding of the amount of state
88 aid.

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

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

104 8. Notwithstanding any provision of law to the contrary, school districts that receive
105 revenue from the tax authorized under sections 148.030, 148.140, 148.620, and 148.720 shall,
106 beginning January 1, 2020, and every January first thereafter, report the amount of said
107 revenue received by the district to the department. The department shall, based on the data
108 submitted by the district, determine the total amount of revenue the district would have
109 received from the tax authorized under sections 148.030, 148.140, 148.620, and 148.720
110 absent the provisions of section 148.720, and remit the following amount to each applicable
111 district not less than thirty days after the conclusion of each calendar year. The amount
112 remitted to each district shall be the total of the revenue received by the district from the tax
113 authorized under sections 148.030, 148.140, 148.620, and 148.720 during the applicable
114 calendar year times one and five thousand six hundred twenty-five ten thousandths minus the
115 total of the revenue received by the district from the tax authorized under sections 148.030,
116 148.140, 148.620, and 148.720 during the same calendar year. This payment shall be in
117 addition to payments authorized under subsections 1, 2, and 7 of this section and shall be
118 made from the annual appropriation to fund this section.

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