

FIRST REGULAR SESSION

HOUSE BILL NO. 98

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE EALY.

0515H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal section 163.011, RSMo, and to enact in lieu thereof one new section relating to calculations for state aid to public schools.

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Section A. Section 163.011, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 163.011, to read as follows: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 by the actual number of hours school was in session in that term. To the average daily attendance of the following school term shall be added the full-time equivalent average daily attendance of summer school students. "Full-time equivalent average daily attendance of summer school students" shall be computed by dividing the total number of hours, except for physical education hours that do not count as credit toward graduation for students in grades nine, ten, eleven, and twelve, attended by all summer school pupils by the number of hours required in section 160.011 in the school term. For purposes of determining average daily attendance under this subdivision, the term "resident pupil" shall include all children between the ages of five and twenty-one who are residents of the school district and who are attending kindergarten through grade twelve in such district. If a child is attending school in a district other than the district of residence and the child's parent is teaching in the

EXPLANATION — Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

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

40 (4) "District's tax rate ceiling", the highest tax rate ceiling in effect subsequent to the
41 1980 tax year or any subsequent year. Such tax rate ceiling shall not contain any tax levy for
42 debt service;

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

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

51 (b) "Regional wage per job":

52 a. The total Missouri wage and salary disbursements of the metropolitan area as
53 defined by the Office of Management and Budget divided by the total Missouri metropolitan
54 wage and salary employment for the metropolitan area for the county signified in the school

55 district number or the City of St. Louis, as reported by the Bureau of Economic Analysis of
56 the United States Department of Commerce for the fourth year preceding the payment year
57 and recalculated upon every decennial census to incorporate counties that are newly added to
58 the description of metropolitan areas; or if no such metropolitan area is established, then:

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

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

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

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

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

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

89 (8) "Limited English proficiency pupil count", the number in the preceding school
90 year of pupils aged three through twenty-one enrolled or preparing to enroll in an elementary
91 school or secondary school who were not born in the United States or whose native language

92 is a language other than English or are Native American or Alaskan native, or a native
93 resident of the outlying areas, and come from an environment where a language other than
94 English has had a significant impact on such individuals' level of English language
95 proficiency, or are migratory, whose native language is a language other than English, and
96 who come from an environment where a language other than English is dominant; and have
97 difficulties in speaking, reading, writing, or understanding the English language sufficient to
98 deny such individuals the ability to meet the state's proficient level of achievement on state
99 assessments described in ~~[Public Law 107-10]~~ **the federal No Child Left Behind Act of**
100 **2001 (Pub. L. 107-110)**, the ability to achieve successfully in classrooms where the language
101 of instruction is English, or the opportunity to participate fully in society;

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

108 (10) "Local effort":

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

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

129 calculated using the district's current assessed valuation in lieu of the assessed valuation
130 utilized in the calculation outlined in paragraph (a) of this subdivision. When a change in a
131 school district's boundary lines occurs because of a boundary line change, annexation,
132 attachment, consolidation, reorganization, or dissolution under section 162.071, 162.081,
133 sections 162.171 to 162.201, section 162.221, 162.223, 162.431, 162.441, or 162.451, or in
134 the event that a school district assumes any territory from a district that ceases to exist for any
135 reason, the department of elementary and secondary education shall make a proper
136 adjustment to each affected district's local effort, so that each district's local effort figure
137 conforms to the new boundary lines of the district. The department shall compute the local
138 effort figure by applying the calendar year 2004 assessed valuation data to the new land areas
139 resulting from the boundary line change, annexation, attachment, consolidation,
140 reorganization, or dissolution and otherwise follow the procedures described in this
141 subdivision;

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

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

147 (b) The number of resident full-time students and the full-time equivalent number of
148 part-time students who were enrolled in the public schools of the district on the last
149 Wednesday in January of the previous year and who were in attendance one day or more
150 during the preceding ten school days, plus the full-time equivalent number of summer school
151 pupils. "Full-time equivalent number of part-time students" is determined by dividing the
152 total number of hours for which all part-time students are enrolled by the number of hours in
153 the school term. "Full-time equivalent number of summer school pupils" is determined by
154 dividing the total number of hours for which all summer school pupils were enrolled by the
155 number of hours required pursuant to section 160.011 in the school term. Only students
156 eligible to be counted for average daily attendance shall be counted for membership;

157 (12) "Operating levy for school purposes", the sum of tax rates levied for teachers'
158 and incidental funds plus the operating levy or sales tax equivalent pursuant to section
159 162.1100 of any transitional school district containing the school district, in the payment year,
160 not including any equalized operating levy for school purposes levied by a special school
161 district in which the district is located;

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

166 fiscal years subsequent to fiscal year 2018, the number of performance districts shall not
167 exceed twenty-five percent of all public school districts;

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

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

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

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

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

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

203 (20) "Weighted average daily attendance":
204 (a) For fiscal years prior to the 2026 fiscal year, paragraph (g) of this subdivision;
205 (b) For the 2026 fiscal year, the sum of nine-tenths multiplied by paragraph (g) of this
206 subdivision plus one-tenth multiplied by the weighted membership;
207 (c) For the 2027 fiscal year, the sum of eight-tenths multiplied by paragraph (g) of
208 this subdivision plus two-tenths multiplied by the weighted membership;
209 (d) For the 2028 fiscal year, the sum of seven-tenths multiplied by paragraph (g) of
210 this subdivision plus three-tenths multiplied by the weighted membership;
211 (e) For the 2029 fiscal year, the sum of six-tenths multiplied by paragraph (g) of this
212 subdivision plus four-tenths multiplied by the weighted membership;
213 (f) For the 2030 fiscal year and all subsequent fiscal years, the sum of five-tenths
214 multiplied by paragraph (g) of this subdivision plus five-tenths multiplied by the weighted
215 membership;
216 (g) The average daily attendance plus the product of ~~[twenty-five hundredths]~~ **three-**
217 **tenths** multiplied by the free and reduced price lunch pupil count that exceeds the free and
218 reduced price lunch threshold, plus the product of seventy-five hundredths multiplied by the
219 number of special education pupil count that exceeds the special education threshold, plus the
220 product of ~~[six-tenths]~~ **sixty-five hundredths** multiplied by the number of limited English
221 proficiency pupil count that exceeds the limited English proficiency threshold. For special
222 districts established under sections 162.815 to 162.940 in a county with a charter form of
223 government and with more than one million inhabitants, weighted average daily attendance
224 shall be the average daily attendance plus the product of ~~[twenty-five hundredths]~~ **three-**
225 **tenths** multiplied by the free and reduced price lunch pupil count that exceeds the free and
226 reduced price lunch threshold, plus the product of seventy-five hundredths multiplied by the
227 sum of the special education pupil count that exceeds the threshold for each county district,
228 plus the product of ~~[six-tenths]~~ **sixty-five hundredths** multiplied by the limited English
229 proficiency pupil count that exceeds the limited English proficiency threshold. None of the
230 districts comprising a special district established under sections 162.815 to 162.940 in a
231 county with a charter form of government and with more than one million inhabitants~~;~~ shall
232 use any special education pupil count in calculating their weighted average daily attendance;
233 (21) "Weighted membership", the membership plus the product of ~~[twenty-five~~
234 ~~hundredths]~~ **three-tenths** multiplied by the free and reduced price lunch pupil count that
235 exceeds the free and reduced price lunch threshold, plus the product of seventy-five
236 hundredths multiplied by the number of special education pupil count that exceeds the special
237 education threshold, plus the product of ~~[six-tenths]~~ **sixty-five hundredths** multiplied by the
238 number of limited English proficiency pupil count that exceeds the limited English
239 proficiency threshold. For special districts established under sections 162.815 to 162.940 in a

240 county with more than one million inhabitants, weighted membership shall be the
241 membership plus the product of ~~[twenty-five hundredths]~~ **three-tenths** multiplied by the
242 free and reduced price lunch pupil count that exceeds the free and reduced price lunch
243 threshold, plus the product of seventy-five hundredths multiplied by the sum of the special
244 education pupil count that exceeds the threshold for each county district, plus the product of
245 ~~[six-tenths]~~ **sixty-five hundredths** multiplied by the limited English proficiency pupil count
246 that exceeds the limited English proficiency threshold. None of the districts comprising a
247 special district established under sections 162.815 to 162.940 in a county with more than one
248 million inhabitants shall use any special education pupil count in calculating their weighted
249 membership.

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