

FIRST REGULAR SESSION  
[P E R F E C T E D]  
SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE BILL NO. 456**  
94TH GENERAL ASSEMBLY

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Reported from the Committee on Education, February 22, 2007, with recommendation that the Senate Committee Substitute do pass.

Senate Committee Substitute for Senate Bill No. 456, adopted March 6, 2007.

Taken up for Perfection March 6, 2007. Bill declared Perfected and Ordered Printed.

TERRY L. SPIELER, Secretary.

2020S.07P

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**AN ACT**

To repeal section 163.011, RSMo, and to enact in lieu thereof two new sections relating to fine revenue for school district funding.

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

Section A. Section 163.011, RSMo, is repealed and two new sections  
2 enacted in lieu thereof, to be known as sections 163.011 and 163.038, to read as  
3 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  
3 teachers' and incidental funds for a school district as reported to the proper  
4 officer of each county pursuant to section 164.011, RSMo;

5 (2) "Average daily attendance", the quotient or the sum of the quotients  
6 obtained by dividing the total number of hours attended in a term by resident  
7 pupils between the ages of five and twenty-one by the actual number of hours  
8 school was in session in that term. To the average daily attendance of the  
9 following school term shall be added the full-time equivalent average daily  
10 attendance of summer school students. "Full-time equivalent average daily  
11 attendance of summer school students" shall be computed by dividing the total  
12 number of hours, except for physical education hours that do not count as credit  
13 toward graduation for students in grades nine, ten, eleven, and twelve, attended

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

14 by all summer school pupils by the number of hours required in section 160.011,  
15 RSMo, in the school term. For purposes of determining average daily attendance  
16 under this subdivision, the term "resident pupil" shall include all children  
17 between the ages of five and twenty-one who are residents of the school district  
18 and who are attending kindergarten through grade twelve in such district. If a  
19 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  
21 school district which the child is attending, then such child shall be considered  
22 a resident pupil of the school district which the child is attending for such period  
23 of time when the district of residence is not otherwise liable for tuition. Average  
24 daily attendance for students below the age of five years for which a school  
25 district may receive state aid based on such attendance shall be computed as  
26 regular school term attendance unless otherwise provided by law;

27 (3) "Current operating expenditures":

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

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

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

47 (5) "Dollar value modifier", an index of the relative purchasing power of  
48 a dollar, calculated as one plus fifteen percent of the difference of the regional

49 wage ratio minus one, provided that the dollar value modifier shall not be applied  
50 at a rate less than 1.0:

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

55 (b) "Regional wage per job":

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

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

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

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

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

81 (6) "Free and reduced lunch pupil count", the number of pupils eligible for  
82 free and reduced lunch on the last Wednesday in January for the preceding school  
83 year who were enrolled as students of the district, as approved by the department

84 in accordance with applicable federal regulations;

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

91 (8) "Limited English proficiency pupil count", the number in the preceding  
92 school year of pupils aged three through twenty-one enrolled or preparing to  
93 enroll in an elementary school or secondary school who were not born in the  
94 United States or whose native language is a language other than English or are  
95 Native American or Alaskan native, or a native resident of the outlying areas,  
96 and come from an environment where a language other than English has had a  
97 significant impact on such individuals' level of English language proficiency, or  
98 are migratory, whose native language is a language other than English, and who  
99 come from an environment where a language other than English is dominant; and  
100 have difficulties in speaking, reading, writing, or understanding the English  
101 language sufficient to deny such individuals the ability to meet the state's  
102 proficient level of achievement on state assessments described in Public Law  
103 107-10, the ability to achieve successfully in classrooms where the language of  
104 instruction is English, or the opportunity to participate fully in society;

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

111 (10) "Local effort":

112 (a) For the fiscal year 2007 calculation, "local effort" shall be computed as  
113 the equalized assessed valuation of the property of a school district in calendar  
114 year 2004 divided by one hundred and multiplied by the performance levy less the  
115 percentage retained by the county assessor and collector plus one hundred  
116 percent of the amount received in fiscal year 2005 for school purposes from  
117 intangible taxes, fines, escheats, payments in lieu of taxes and receipts from  
118 state-assessed railroad and utility tax, one hundred percent of the amount

119 received for school purposes pursuant to the merchants' and manufacturers' taxes  
120 under sections 150.010 to 150.370, RSMo, one hundred percent of the amounts  
121 received for school purposes from federal properties under sections 12.070 and  
122 12.080, RSMo, except when such amounts are used in the calculation of federal  
123 impact aid pursuant to P.L. 81-874, fifty percent of Proposition C revenues  
124 received for school purposes from the school district trust fund under section  
125 163.087, and one hundred percent of any local earnings or income taxes received  
126 by the district for school purposes. Under this paragraph, for a special district  
127 established under sections 162.815 to 162.940, RSMo, in a county with a charter  
128 form of government and with more than one million inhabitants, a tax levy of zero  
129 shall be utilized in lieu of the performance levy for the special school district;

130 (b) In every year subsequent to fiscal year 2007, "local effort" shall be the  
131 amount calculated under paragraph (a) of this subdivision plus any increase in  
132 the amount received for school purposes from fines [or less any decrease in the  
133 amount received for school purposes from fines in any school district located  
134 entirely within any county with a charter form of government and with more than  
135 two hundred fifty thousand but fewer than three hundred fifty thousand  
136 inhabitants that creates a county municipal court after January 1, 2006]. If a  
137 district's assessed valuation has decreased subsequent to the calculation outlined  
138 in paragraph (a) of this subdivision, the district's local effort shall be calculated  
139 using the district's current assessed valuation in lieu of the assessed valuation  
140 utilized in calculation outlined in paragraph (a) of this subdivision;

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

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

146 (b) The number of resident full-time students and the full-time equivalent  
147 number of part-time students who were enrolled in the public schools of the  
148 district on the last Wednesday in January of the previous year and who were in  
149 attendance one day or more during the preceding ten school days, plus the  
150 full-time equivalent number of summer school pupils.

151 "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  
153 of hours in the school term. "Full-time equivalent number of summer school

154 pupils" is determined by dividing the total number of hours for which all summer  
155 school pupils were enrolled by the number of hours required pursuant to section  
156 160.011, RSMo, in the school term. Only students eligible to be counted for  
157 average daily attendance shall be counted for membership;

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

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

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

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

186 (18) "State adequacy target", the sum of the current operating  
187 expenditures of every performance district that falls entirely above the bottom  
188 five percent and entirely below the top five percent of average daily attendance,

189 when such districts are rank-ordered based on their current operating  
190 expenditures per average daily attendance, divided by the total average daily  
191 attendance of all included performance districts. The department of elementary  
192 and secondary education shall first calculate the state adequacy target for fiscal  
193 year 2007 and recalculate the state adequacy target every two years using the  
194 most current available data. The recalculation shall never result in a decrease  
195 from the previous state adequacy target amount. Should a recalculation result  
196 in an increase in the state adequacy target amount, fifty percent of that increase  
197 shall be included in the state adequacy target amount in the year of recalculation,  
198 and fifty percent of that increase shall be included in the state adequacy target  
199 amount in the subsequent year. The state adequacy target may be adjusted to  
200 accommodate available appropriations;

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

207 (20) "Weighted average daily attendance", the average daily attendance  
208 plus the product of twenty-five hundredths multiplied by the free and reduced  
209 lunch pupil count that exceeds the free and reduced lunch threshold, plus the  
210 product of seventy-five hundredths multiplied by the number of special education  
211 pupil count that exceeds the special education threshold, and plus the product of  
212 six-tenths multiplied by the number of limited English proficiency pupil count  
213 that exceeds the limited English proficiency threshold. For special districts  
214 established under sections 162.815 to 162.940, RSMo, in a county with a charter  
215 form of government and with more than one million inhabitants, weighted  
216 average daily attendance shall be the average daily attendance plus the product  
217 of twenty-five hundredths multiplied by the free and reduced lunch pupil count  
218 that exceeds the free and reduced lunch threshold, plus the product of  
219 seventy-five hundredths multiplied by the sum of the special education pupil  
220 count that exceeds the threshold for each county district, plus the product of  
221 six-tenths multiplied by the limited English proficiency pupil count that exceeds  
222 the limited English proficiency threshold. None of the districts comprising a  
223 special district established under sections 162.815 to 162.940, RSMo, in a county

224 with a charter form of government and with more than one million inhabitants,  
225 shall use any special education pupil count in calculating their weighted average  
226 daily attendance.

**163.038. Notwithstanding any provision of law to the contrary,  
2 any school district that is located at least partially in any county that  
3 creates a county municipal court or is otherwise eligible to prosecute  
4 county ordinance violations under section 66.010, RSMo, et seq., after  
5 January 1, 2006, shall be entitled to a payment amount from the  
6 department of elementary and secondary education in addition to all  
7 other payments required under this chapter equal to the decrease, if  
8 any, in the amount of revenue a district receives from fines in the  
9 current year from the revenue the district received from fines in fiscal  
10 year 2005.**

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Bill

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