

SECOND REGULAR SESSION

# SENATE BILL NO. 1047

## 94TH GENERAL ASSEMBLY

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INTRODUCED BY SENATORS VOGEL, DAYS AND GIBBONS.

Read 1st time January 29, 2008, and ordered printed.

TERRY L. SPIELER, Secretary.

4811S.011

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### AN ACT

To repeal section 163.011, RSMo, and to enact in lieu thereof one new section relating to state funding for elementary and secondary education.

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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Section A. Section 163.011, RSMo, is repealed and one new section  
2 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:

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  
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. If a district's assessed  
133 valuation has decreased subsequent to the calculation outlined in paragraph (a)  
134 of this subdivision, the district's local effort shall be calculated using the district's  
135 current assessed valuation in lieu of the assessed valuation utilized in calculation  
136 outlined in paragraph (a) of this subdivision;

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

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

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

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

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

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

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

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

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

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

200 (19) "Teacher", any teacher, teacher-secretary, substitute teacher,

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

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

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