

FIRST REGULAR SESSION

# SENATE BILL NO. 438

95TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR CALLAHAN.

Read 1st time February 23, 2009, and ordered printed.

TERRY L. SPIELER, Secretary.

2070S.011

## AN ACT

To repeal sections 160.534, 163.011, 163.031, 313.775, 313.778, and 313.822, RSMo, and to enact in lieu thereof four new sections relating to state funding for elementary and secondary education.

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

Section A. Sections 160.534, 163.011, 163.031, 313.775, 313.778, and  
2 313.822, RSMo, are repealed and four new section enacted in lieu thereof, to be  
3 known as section 160.534, 163.011, 163.031, and 313.822, to read as follows:

160.534. [1.] For fiscal year 1996 and each subsequent fiscal year, any  
2 amount of the excursion gambling boat proceeds deposited in the gaming proceeds  
3 for education fund in excess of the amount transferred to the school district bond  
4 fund as provided in section 164.303, RSMo, shall be transferred to the classroom  
5 trust fund. Such moneys shall be distributed in the manner provided in section  
6 163.043, RSMo.

7 [2. Starting in fiscal year 2009, and for each subsequent fiscal year, all  
8 excursion gambling boat proceeds deposited in the gaming proceeds for education  
9 fund in excess of the amount transferred to the classroom trust fund for fiscal  
10 year 2008 plus the amount appropriated to the school district bond fund in  
11 accordance with section 164.303, RSMo, shall be deposited into the schools first  
12 elementary and secondary education improvement fund.

13 3. The amounts deposited in the schools first elementary and secondary  
14 education improvement fund pursuant to this section shall constitute new and  
15 additional funding for elementary and secondary education and shall not be used  
16 to replace existing funding provided for elementary and secondary education.]

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

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

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) **of this subdivision** plus any  
39 increases in state funding pursuant to sections 163.031 and 163.043 subsequent  
40 to fiscal year 2005[, not to exceed five percent, per recalculation, of the state  
41 revenue] received by a district in the 2004-05 school year from the foundation  
42 formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share, and  
43 free textbook payments for any district from the first preceding calculation of the  
44 state adequacy target;

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

48 (5) "Dollar-value modifier", an index of the relative purchasing power of  
49 a dollar, calculated as one plus fifteen percent of the difference of the regional  
50 wage ratio minus one, provided that the dollar value modifier shall not be applied  
51 at a rate less than 1.0:

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

56 (b) "Regional wage per job":

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

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

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

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

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

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

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

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

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

110 current operating expenditures per average daily attendance, by the total average  
111 daily attendance of all included performance districts;

112 (10) "Local effort":

113 (a) For the fiscal year 2007 calculation, "local effort" shall be computed as  
114 the equalized assessed valuation of the property of a school district in calendar  
115 year 2004 divided by one hundred and multiplied by the performance levy less the  
116 percentage retained by the county assessor and collector plus one hundred  
117 percent of the amount received in fiscal year 2005 for school purposes from  
118 intangible taxes, fines, escheats, payments in lieu of taxes and receipts from  
119 state-assessed railroad and utility tax, one hundred percent of the amount  
120 received for school purposes pursuant to the merchants' and manufacturers' taxes  
121 under sections 150.010 to 150.370, RSMo, one hundred percent of the amounts  
122 received for school purposes from federal properties under sections 12.070 and  
123 12.080, RSMo, except when such amounts are used in the calculation of federal  
124 impact aid pursuant to P.L. 81-874, fifty percent of Proposition C revenues  
125 received for school purposes from the school district trust fund under section  
126 163.087, and one hundred percent of any local earnings or income taxes received  
127 by the district for school purposes. Under this paragraph, for a special district  
128 established under sections 162.815 to 162.940, RSMo, in a county with a charter  
129 form of government and with more than one million inhabitants, a tax levy of zero  
130 shall be utilized in lieu of the performance levy for the special school district;

131 (b) In every year subsequent to fiscal year 2007, "local effort" shall be the  
132 amount calculated under paragraph (a) of this subdivision plus any increase in  
133 the amount received for school purposes from fines. If a district's assessed  
134 valuation has decreased subsequent to the calculation outlined in paragraph (a)  
135 of this subdivision, the district's local effort shall be calculated using the district's  
136 current assessed valuation in lieu of the assessed valuation utilized in **the**  
137 calculation outlined in paragraph (a) of this subdivision;

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

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

143 (b) The number of resident full-time students and the full-time equivalent  
144 number of part-time students who were enrolled in the public schools of the  
145 district on the last Wednesday in January of the previous year and who were in

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

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

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

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

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

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

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

182 attendance of all included performance districts;

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

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

210 (20) "Weighted average daily attendance", the average daily attendance  
211 plus the product of twenty-five hundredths multiplied by the free and reduced  
212 lunch pupil count that exceeds the free and reduced lunch threshold, plus the  
213 product of seventy-five hundredths multiplied by the number of special education  
214 pupil count that exceeds the special education threshold, and plus the product of  
215 six-tenths multiplied by the number of limited English proficiency pupil count  
216 that exceeds the limited English proficiency threshold. For special districts  
217 established under sections 162.815 to 162.940, RSMo, in a county with a charter

218 form of government and with more than one million inhabitants, weighted  
219 average daily attendance shall be the average daily attendance plus the product  
220 of twenty-five hundredths multiplied by the free and reduced lunch pupil count  
221 that exceeds the free and reduced lunch threshold, plus the product of  
222 seventy-five hundredths multiplied by the sum of the special education pupil  
223 count that exceeds the threshold for each county district, plus the product of  
224 six-tenths multiplied by the limited English proficiency pupil count that exceeds  
225 the limited English proficiency threshold. None of the districts comprising a  
226 special district established under sections 162.815 to 162.940, RSMo, in a county  
227 with a charter form of government and with more than one million inhabitants,  
228 shall use any special education pupil count in calculating their weighted average  
229 daily attendance.

163.031. 1. The department of elementary and secondary education shall  
2 calculate and distribute to each school district qualified to receive state aid under  
3 section 163.021 an amount determined by multiplying the district's weighted  
4 average daily attendance by the state adequacy target, multiplying this product  
5 by the dollar value modifier for the district, and subtracting from this product the  
6 district's local effort and, in years not governed under subsection 4 of this section,  
7 subtracting payments from the classroom trust fund under section 163.043.

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

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

11 (a) For the 2006-07 school year, the state revenue per weighted average  
12 daily attendance received by a district from the state aid calculation under  
13 subsections 1 and 4 of this section, as applicable, and the classroom trust fund  
14 under section 163.043 shall not be less than the state revenue received by a  
15 district in the 2005-06 school year from the foundation formula, line 14, gifted,  
16 remedial reading, exceptional pupil aid, fair share, and free textbook payment  
17 amounts multiplied by the sum of one plus the product of one-third multiplied by  
18 the remainder of the dollar value modifier minus one, and dividing this product  
19 by the weighted average daily attendance computed for the 2005-06 school year;

20 (b) For the 2007-08 school year, the state revenue per weighted average  
21 daily attendance received by a district from the state aid calculation under  
22 subsections 1 and 4 of this section, as applicable, and the classroom trust fund  
23 under section 163.043 shall not be less than the state revenue received by a  
24 district in the 2005-06 school year from the foundation formula, line 14, gifted,



25 remedial reading, exceptional pupil aid, fair share, and free textbook payment  
26 amounts multiplied by the sum of one plus the product of two-thirds multiplied  
27 by the remainder of the dollar value modifier minus one, and dividing this  
28 product by the weighted average daily attendance computed for the 2005-06  
29 school year;

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

38 (d) For each year subsequent to the 2008-09 school year, the amount shall  
39 be no less than that computed in paragraph (c) of this subdivision, multiplied by  
40 the weighted average daily attendance pursuant to section 163.036, less any  
41 increase in revenue received from the classroom trust fund under section 163.043;

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

44 (a) For the 2006-07 school year, the state revenue received by a district  
45 from the state aid calculation under subsections 1 and 4 of this section, as  
46 applicable, and the classroom trust fund under section 163.043 shall not be less  
47 than the greater of state revenue received by a district in the 2004-05 or 2005-06  
48 school year from the foundation formula, line 14, gifted, remedial reading,  
49 exceptional pupil aid, fair share, and free textbook payment amounts multiplied  
50 by the sum of one plus the product of one-third multiplied by the remainder of the  
51 dollar value modifier minus one;

52 (b) For the 2007-08 school year, the state revenue received by a district  
53 from the state aid calculation under subsections 1 and 4 of this section, as  
54 applicable, and the classroom trust fund under section 163.043 shall not be less  
55 than the greater of state revenue received by a district in the 2004-05 or 2005-06  
56 school year from the foundation formula, line 14, gifted, remedial reading,  
57 exceptional pupil aid, fair share, and free textbook payment amounts multiplied  
58 by the sum of one plus the product of two-thirds multiplied by the remainder of  
59 the dollar value modifier minus one;

60 (c) For the 2008-09 school year, the state revenue received by a district

61 from the state aid calculation under subsections 1 and 4 of this section, as  
62 applicable, and the classroom trust fund under section 163.043 shall not be less  
63 than the greater of state revenue received by a district in the 2004-05 or 2005-06  
64 school year from the foundation formula, line 14, gifted, remedial reading,  
65 exceptional pupil aid, fair share, and free textbook payment amounts multiplied  
66 by the dollar value modifier;

67 (d) For each year subsequent to the 2008-09 school year, the amount shall  
68 be no less than that computed in paragraph (c) of this subdivision;

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

72 3. School districts that meet the requirements of section 163.021 shall  
73 receive categorical add-on revenue as provided in this subsection. The categorical  
74 add-on for the district shall be the sum of: seventy-five percent of the district  
75 allowable transportation costs under section 163.161; the career ladder  
76 entitlement for the district, as provided for in sections 168.500 to 168.515, RSMo;  
77 the vocational education entitlement for the district, as provided for in section  
78 167.332, RSMo; and the district educational and screening program entitlements  
79 as provided for in sections 178.691 to 178.699, RSMo. The categorical add-on  
80 revenue amounts may be adjusted to accommodate available appropriations.

81 4. In the 2006-07 school year and each school year thereafter for [five]  
82 **three** years, those districts entitled to receive state aid under the provisions of  
83 subsection 1 of this section shall receive state aid in an amount as provided in  
84 this subsection.

85 (1) For the 2006-07 school year, the amount shall be fifteen percent of the  
86 amount of state aid calculated for the district for the 2006-07 school year under  
87 the provisions of subsection 1 of this section, plus eighty-five percent of the total  
88 amount of state revenue received by the district for the 2005-06 school year from  
89 the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid,  
90 fair share, and free textbook payments less any amounts received under section  
91 163.043.

92 (2) For the 2007-08 school year, the amount shall be thirty percent of the  
93 amount of state aid calculated for the district for the 2007-08 school year under  
94 the provisions of subsection 1 of this section, plus seventy percent of the total  
95 amount of state revenue received by the district for the 2005-06 school year from  
96 the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid,

97 fair share, and free textbook payments less any amounts received under section  
98 163.043.

99 (3) For the 2008-09 school year, the amount of state aid shall be forty-four  
100 percent of the amount of state aid calculated for the district for the 2008-09  
101 school year under the provisions of subsection 1 of this section plus fifty-six  
102 percent of the total amount of state revenue received by the district for the  
103 2005-06 school year from the foundation formula, line 14, gifted, remedial  
104 reading, exceptional pupil aid, fair share, and free textbook payments less any  
105 amounts received under section 163.043.

106 (4) For the 2009-10 school year, the amount of state aid shall be  
107 **[fifty-eight] seventy-two** percent of the amount of state aid calculated for the  
108 district for the 2009-10 school year under the provisions of subsection 1 of this  
109 section plus **[forty-two] twenty-eight** percent of the total amount of state  
110 revenue received by the district for the 2005-06 school year from the foundation  
111 formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share, and  
112 free textbook payments less any amounts received under section 163.043.

113 **[(5)]** For the 2010-11 school year, the amount of state aid shall be  
114 seventy-two percent of the amount of state aid calculated for the district for the  
115 2010-11 school year under the provisions of subsection 1 of this section plus  
116 twenty-eight percent of the total amount of state revenue received by the district  
117 for the 2005-06 school year from the foundation formula, line 14, gifted, remedial  
118 reading, exceptional pupil aid, fair share, and free textbook payments less any  
119 amounts received under section 163.043.

120 (6) For the 2011-12 school year, the amount of state aid shall be eighty-six  
121 percent of the amount of state aid calculated for the district for the 2011-12  
122 school year under the provisions of subsection 1 of this section plus fourteen  
123 percent of the total amount of state revenue received by the district for the  
124 2005-06 school year from the foundation formula, line 14, gifted, remedial  
125 reading, exceptional pupil aid, fair share, and free textbook payments less any  
126 amounts received under section 163.043.]

127 **[(7)] (5)** (a) Notwithstanding subdivision (18) of section 163.011, the  
128 state adequacy target may not be adjusted downward to accommodate available  
129 appropriations in any year governed by this subsection.

130 (b) a. For the 2006-07 school year, if a school district experiences a  
131 decrease in summer school average daily attendance of more than twenty percent  
132 from the district's 2005-06 summer school average daily attendance, an amount

133 equal to the product of the percent reduction that is in excess of twenty percent  
134 of the district's summer school average daily attendance multiplied by the funds  
135 generated by the district's summer school program in the 2005-06 school year  
136 shall be subtracted from the district's current year payment amount.

137         b. For the 2007-08 school year, if a school district experiences a decrease  
138 in summer school average daily attendance of more than thirty percent from the  
139 district's 2005-06 summer school average daily attendance, an amount equal to  
140 the product of the percent reduction that is in excess of thirty percent of the  
141 district's summer school average daily attendance multiplied by the funds  
142 generated by the district's summer school program in the 2005-06 school year  
143 shall be subtracted from the district's payment amount.

144         c. For the 2008-09 school year through the 2011-12 school year, if a school  
145 district experiences a decrease in summer school average daily attendance of  
146 more than thirty-five percent from the district's 2005-06 summer school average  
147 daily attendance, an amount equal to the product of the percent reduction that  
148 is in excess of thirty-five percent of the district's summer school average daily  
149 attendance multiplied by the funds generated by the district's summer school  
150 program in the 2005-06 school year shall be subtracted from the district's  
151 payment amount.

152         d. Notwithstanding the provisions of this paragraph, no such reduction  
153 shall be made in the case of a district that is receiving a payment under section  
154 163.044 or any district whose regular school term average daily attendance for  
155 the preceding year was three hundred fifty or less.

156         e. This paragraph shall not be construed to permit any reduction applied  
157 under this paragraph to result in any district receiving a current-year payment  
158 that is less than the amount calculated for such district under subsection 2 of this  
159 section.

160         (c) If a school district experiences a decrease in its gifted program  
161 enrollment of more than twenty percent from its 2005-06 gifted program  
162 enrollment in any year governed by this subsection, an amount equal to the  
163 product of the percent reduction in the district's gifted program enrollment  
164 multiplied by the funds generated by the district's gifted program in the 2005-06  
165 school year shall be subtracted from the district's current year payment amount.

166         5. For any school district meeting the eligibility criteria for state aid as  
167 established in section 163.021, but which is considered an option district under  
168 section 163.042 and therefore receives no state aid, the commissioner of education

169 shall present a plan to the superintendent of the school district for the waiver of  
170 rules and the duration of said waivers, in order to promote flexibility in the  
171 operations of the district and to enhance and encourage efficiency in the delivery  
172 of instructional services as provided in section 163.042.

173         6. (1) No less than seventy-five percent of the state revenue received  
174 under the provisions of subsections 1, 2, and 4 of this section shall be placed in  
175 the teachers' fund, and the remaining percent of such moneys shall be placed in  
176 the incidental fund. No less than seventy-five percent of one-half of the funds  
177 received from the school district trust fund distributed under section 163.087  
178 shall be placed in the teachers' fund. One hundred percent of revenue received  
179 under the provisions of section 163.161 shall be placed in the incidental  
180 fund. One hundred percent of revenue received under the provisions of sections  
181 168.500 to 168.515, RSMo, shall be placed in the teachers' fund.

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

184         (a) An amount equal to at least seventy-five percent of the state revenue  
185 received under the provisions of subsections 1, 2, and 4 of this section;

186         (b) An amount equal to at least seventy-five percent of one-half of the  
187 funds received from the school district trust fund distributed under section  
188 163.087 during the preceding school year; and

189         (c) Beginning in fiscal year 2008, as much as was spent per the second  
190 preceding year's weighted average daily attendance for certificated compensation  
191 and tuition expenditures the previous year from revenue produced by local and  
192 county tax sources in the teachers' fund, plus the amount of the incidental fund  
193 to teachers' fund transfer calculated to be local and county tax sources by dividing  
194 local and county tax sources in the incidental fund by total revenue in the  
195 incidental fund.

196 In the event a district fails to comply with this provision, the amount by which  
197 the district fails to spend funds as provided herein shall be deducted from the  
198 district's state revenue received under the provisions of subsections 1, 2, and 4  
199 of this section for the following year, provided that the state board of education  
200 may exempt a school district from this provision if the state board of education  
201 determines that circumstances warrant such exemption.

202         7. If a school district's annual audit discloses that students were  
203 inappropriately identified as eligible for free and reduced lunch, special  
204 education, or limited English proficiency and the district does not resolve the

205 audit finding, the department of elementary and secondary education shall  
206 require that the amount of aid paid pursuant to the weighting for free and  
207 reduced lunch, special education, or limited English proficiency in the weighted  
208 average daily attendance on the inappropriately identified pupils be repaid by the  
209 district in the next school year and shall additionally impose a penalty of one  
210 hundred percent of such aid paid on such pupils, which penalty shall also be paid  
211 within the next school year. Such amounts may be repaid by the district through  
212 the withholding of the amount of state aid.

313.822. A tax is imposed on the adjusted gross receipts received from  
2 gambling games authorized pursuant to sections 313.800 to 313.850 at the rate  
3 of twenty-one percent. The taxes imposed by this section shall be returned to the  
4 commission in accordance with the commission's rules and regulations who shall  
5 transfer such taxes to the director of revenue. All checks and drafts remitted for  
6 payment of these taxes and fees shall be made payable to the director of revenue.  
7 If the commission is not satisfied with the return or payment made by any  
8 licensee, it is hereby authorized and empowered to make an assessment of the  
9 amount due based upon any information within its possession or that shall come  
10 into its possession. Any licensee against whom an assessment is made by the  
11 commission may petition for a reassessment. The request for reassessment shall  
12 be made within twenty days from the date the assessment was mailed or  
13 delivered to the licensee, whichever is earlier. Whereupon the commission shall  
14 give notice of a hearing for reassessment and fix the date upon which the hearing  
15 shall be held. The assessment shall become final if a request for reassessment  
16 is not received by the commission within the twenty days. Except as provided in  
17 this section, on and after April 29, 1993, all functions incident to the  
18 administration, collection, enforcement, and operation of the tax imposed by  
19 sections 144.010 to 144.525, RSMo, shall be applicable to the taxes and fees  
20 imposed by this section.

21 (1) Each excursion gambling boat shall designate a city or county as its  
22 home dock. The home dock city or county may enter into agreements with other  
23 cities or counties authorized pursuant to subsection 10 of section 313.812 to share  
24 revenue obtained pursuant to this section. The home dock city or county shall  
25 receive ten percent of the adjusted gross receipts tax collections, as levied  
26 pursuant to this section, for use in providing services necessary for the safety of  
27 the public visiting an excursion gambling boat. Such home dock city or county  
28 shall annually submit to the commission a shared revenue agreement with any

29 other city or county. All moneys owed the home dock city or county shall be  
30 deposited and distributed to such city or county in accordance with rules and  
31 regulations of the commission. All revenues provided for in this section to be  
32 transferred to the governing body of any city not within a county and any city  
33 with a population of over three hundred fifty thousand inhabitants shall not be  
34 considered state funds and shall be deposited in such city's general revenue fund  
35 to be expended as provided for in this section.

36 (2) The remaining amount of the adjusted gross receipts tax shall be  
37 deposited in the state treasury to the credit of the "Gaming Proceeds for  
38 Education Fund" which is hereby created in the state treasury. Moneys deposited  
39 in this fund shall be kept separate from the general revenue fund as well as any  
40 other funds or accounts in the state treasury, shall be used solely for education  
41 pursuant to the Missouri Constitution and shall be considered the proceeds of  
42 excursion boat gambling and state funds pursuant to article IV, section 15 of the  
43 Missouri Constitution. All interest received on the gaming proceeds for education  
44 fund shall be credited to the gaming proceeds for education fund. Appropriation  
45 of the moneys deposited into the gaming proceeds for education fund shall be  
46 pursuant to state law.

47 (3) The state auditor shall perform an annual audit of the gaming  
48 proceeds for education fund [and the schools first elementary and secondary  
49 education improvement fund], which shall include the evaluation of whether  
50 appropriations for elementary and secondary education have increased and are  
51 being used as intended by this act. The state auditor shall make copies of each  
52 audit available to the public and to the general assembly.

[313.775. This act shall be known and may be cited as "The  
2 Schools First Elementary and Secondary Education Funding  
3 Initiative".]

[313.778. There is hereby created in the state treasury the  
2 "Schools First Elementary and Secondary Education Improvement  
3 Fund", which shall consist of taxes on excursion gambling boat  
4 proceeds as provided in subsection 2 of section 160.534, RSMo, to  
5 be used solely for the purpose of increasing funding for elementary  
6 and secondary education. The schools first elementary and  
7 secondary education improvement fund shall be state revenues  
8 collected from gaming activities for purposes of article III, section  
9 39(d) of the constitution. Moneys in the schools first elementary

10 and secondary education improvement fund shall be kept separate  
11 from the general revenue fund as well as any other funds or  
12 accounts in the state treasury. The state treasurer shall be  
13 custodian of the fund and may approve disbursements from the  
14 fund in accordance with sections 30.170 and 30.180,  
15 RSMo. Notwithstanding the provisions of section 33.080, RSMo, to  
16 the contrary, any moneys remaining in the fund at the end of the  
17 biennium shall not revert to the credit of the general revenue  
18 fund. The state treasurer shall invest moneys in the fund in the  
19 same manner as other funds are invested. Any interest and  
20 moneys earned on such investments shall be credited to the fund.]

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Bill

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