

FIRST REGULAR SESSION

# SENATE BILL NO. 6

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR KEAVENY.

Pre-filed December 1, 2014, and ordered printed.

ADRIANE D. CROUSE, Secretary.

0454S.02I

## AN ACT

To repeal section 163.018, RSMo, and section 163.011 as enacted by house bill no. 1689, ninety-seventh general assembly, second regular session, and to enact in lieu thereof two new sections relating to state funding for education, with an emergency clause.

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

Section A. Section 163.018, RSMo, and section 163.011 as enacted by  
2 house bill no. 1689, ninety-seventh general assembly, second regular session, are  
3 repealed and two new sections enacted in lieu thereof, to be known as sections  
4 163.011 and 163.018, 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;

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 in the school term. For purposes of determining average daily attendance under

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

16 this subdivision, the term "resident pupil" shall include all children between the  
17 ages of five and twenty-one who are residents of the school district and who are  
18 attending kindergarten through grade twelve in such district. If a child is  
19 attending school in a district other than the district of residence and the child's  
20 parent is teaching in the school district or is a regular employee of the school  
21 district which the child is attending, then such child shall be considered a  
22 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; the vocational education entitlement for the district, as provided for  
36 in section 167.332; 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. Beginning on July 1, 2010, current operating expenditures  
45 shall be the amount in paragraph (a) of this subdivision plus any increases in  
46 state funding pursuant to sections 163.031 and 163.043 subsequent to fiscal year  
47 2005 received by a district in the 2004-05 school year from the foundation  
48 formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share, and  
49 free textbook payments for any district from the first preceding calculation of the  
50 state adequacy target; **provided that, when used to recalculate the state**  
51 **adequacy target as provided in subdivision (18) of this section, any**

52 **increase in state funding attributable to an individual district shall be**  
53 **limited to two hundred percent of the aggregate percentage increase**  
54 **in state funding for all of the performance districts used in the same**  
55 **recalculation;**

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

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

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

67 (b) "Regional wage per job":

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

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

85 c. If a county is not part of a metropolitan or micropolitan area as  
86 established by the Office of Management and Budget, then the county wage per  
87 job, as defined in paragraph (a) of this subdivision, shall be used for the school

88 district, as signified by the school district number;

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

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

93 (6) "Free and reduced lunch pupil count", for school districts not eligible  
94 for and those that do not choose the USDA Community Eligibility Option, the  
95 number of pupils eligible for free and reduced lunch on the last Wednesday in  
96 January for the preceding school year who were enrolled as students of the  
97 district, as approved by the department in accordance with applicable federal  
98 regulations. For eligible school districts that choose the USDA Community  
99 Eligibility Option, the free and reduced lunch pupil count shall be the percentage  
100 of free and reduced lunch students calculated as eligible on the last Wednesday  
101 in January of the most recent school year that included household applications  
102 to determine free and reduced lunch count multiplied by the district's average  
103 daily attendance figure;

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

110 (8) "Limited English proficiency pupil count", the number in the preceding  
111 school year of pupils aged three through twenty-one enrolled or preparing to  
112 enroll in an elementary school or secondary school who were not born in the  
113 United States or whose native language is a language other than English or are  
114 Native American or Alaskan native, or a native resident of the outlying areas,  
115 and come from an environment where a language other than English has had a  
116 significant impact on such individuals' level of English language proficiency, or  
117 are migratory, whose native language is a language other than English, and who  
118 come from an environment where a language other than English is dominant; and  
119 have difficulties in speaking, reading, writing, or understanding the English  
120 language sufficient to deny such individuals the ability to meet the state's  
121 proficient level of achievement on state assessments described in Public Law  
122 107-10, the ability to achieve successfully in classrooms where the language of  
123 instruction is English, or the opportunity to participate fully in society;

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

130 (10) "Local effort":

131 (a) For the fiscal year 2007 calculation, "local effort" shall be computed as  
132 the equalized assessed valuation of the property of a school district in calendar  
133 year 2004 divided by one hundred and multiplied by the performance levy less the  
134 percentage retained by the county assessor and collector plus one hundred  
135 percent of the amount received in fiscal year 2005 for school purposes from  
136 intangible taxes, fines, escheats, payments in lieu of taxes and receipts from  
137 state-assessed railroad and utility tax, one hundred percent of the amount  
138 received for school purposes pursuant to the merchants' and manufacturers' taxes  
139 under sections 150.010 to 150.370, one hundred percent of the amounts received  
140 for school purposes from federal properties under sections 12.070 and 12.080  
141 except when such amounts are used in the calculation of federal impact aid  
142 pursuant to P.L. 81-874, fifty percent of Proposition C revenues received for  
143 school purposes from the school district trust fund under section 163.087, and one  
144 hundred percent of any local earnings or income taxes received by the district for  
145 school purposes. Under this paragraph, for a special district established under  
146 sections 162.815 to 162.940 in a county with a charter form of government and  
147 with more than one million inhabitants, a tax levy of zero shall be utilized in lieu  
148 of the performance levy for the special school district;

149 (b) In every year subsequent to fiscal year 2007, "local effort" shall be the  
150 amount calculated under paragraph (a) of this subdivision plus any increase in  
151 the amount received for school purposes from fines. If a district's assessed  
152 valuation has decreased subsequent to the calculation outlined in paragraph (a)  
153 of this subdivision, the district's local effort shall be calculated using the district's  
154 current assessed valuation in lieu of the assessed valuation utilized in the  
155 calculation outlined in paragraph (a) of this subdivision. When a change in a  
156 school district's boundary lines occurs because of a boundary line change,  
157 annexation, attachment, consolidation, reorganization, or dissolution under  
158 section 162.071, 162.081, sections 162.171 to 162.201, section 162.221, 162.223,  
159 162.431, 162.441, or 162.451, or in the event that a school district assumes any

160 territory from a district that ceases to exist for any reason, the department of  
161 elementary and secondary education shall make a proper adjustment to each  
162 affected district's local effort, so that each district's local effort figure conforms  
163 to the new boundary lines of the district. The department shall compute the local  
164 effort figure by applying the calendar year 2004 assessed valuation data to the  
165 new land areas resulting from the boundary line change, annexation, attachment,  
166 consolidation, reorganization, or dissolution and otherwise follow the procedures  
167 described in this subdivision;

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

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

173 (b) The number of resident full-time students and the full-time equivalent  
174 number of part-time students who were enrolled in the public schools of the  
175 district on the last Wednesday in January of the previous year and who were in  
176 attendance one day or more during the preceding ten school days, plus the  
177 full-time equivalent number of summer school pupils. "Full-time equivalent  
178 number of part-time students" is determined by dividing the total number of  
179 hours for which all part-time students are enrolled by the number of hours in the  
180 school term. "Full-time equivalent number of summer school pupils" is  
181 determined by dividing the total number of hours for which all summer school  
182 pupils were enrolled by the number of hours required pursuant to section 160.011  
183 in the school term. Only students eligible to be counted for average daily  
184 attendance shall be counted for membership;

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

191 (13) "Performance district", any district that has met performance  
192 standards and indicators as established by the department of elementary and  
193 secondary education for purposes of accreditation under section 161.092 and as  
194 reported on the final annual performance report for that district each year; for  
195 calculations to be utilized for payments in fiscal years subsequent to fiscal year

196 2018, the number of performance districts shall not exceed twenty-five percent of  
197 all public school districts;

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

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

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

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

216 (18) "State adequacy target", the sum of the current operating  
217 expenditures of every performance district that falls entirely above the bottom  
218 five percent and entirely below the top five percent of average daily attendance,  
219 when such districts are rank-ordered based on their current operating  
220 expenditures per average daily attendance, divided by the total average daily  
221 attendance of all included performance districts. The department of elementary  
222 and secondary education shall first calculate the state adequacy target for fiscal  
223 year 2007 and recalculate the state adequacy target every two years using the  
224 most current available data. The recalculation shall never result in a decrease  
225 from the previous state adequacy target amount. Should a recalculation result  
226 in an increase in the state adequacy target amount, fifty percent of that increase  
227 shall be included in the state adequacy target amount in the year of recalculation,  
228 and fifty percent of that increase shall be included in the state adequacy target  
229 amount in the subsequent year. The state adequacy target may be adjusted to  
230 accommodate available appropriations as provided in subsection 8 of section  
231 163.031;

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

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

163.018. 1. Notwithstanding the definition of average daily attendance  
2 in subdivision (2) of section 163.011 to the contrary, pupils between the ages of  
3 three and five who are eligible for free and reduced lunch and attend an early  
4 childhood education program that is operated by and in a district or by a charter  
5 school that has declared itself as a local educational agency providing full-day  
6 kindergarten and that meets standards established by the state board of  
7 education shall be included in the district's or charter school's calculation of  
8 average daily attendance. The total number of such pupils included in the  
9 district's or charter school's calculation of average daily attendance shall not  
10 exceed four percent of the total number of pupils who are eligible for free and  
11 reduced lunch between the ages of three and eighteen who are included in the



12 district's or charter school's calculation of average daily attendance.

13           2. (1) For any district that has been declared unaccredited by the state  
14 board of education and remains unaccredited as of July 1, 2015, **and for any**  
15 **charter school located in said district**, the provisions of subsection 1 of this  
16 section shall become applicable during the 2015-16 school year.

17           (2) **If the state board of education has classified a district as**  
18 **unaccredited and subsequently lapses the district's corporate**  
19 **organization and exercises one of the options under subdivision (2) of**  
20 **subsection 3 of section 162.081, the provisions of subsection 1 of this**  
21 **section shall become applicable to the district, or any successor district**  
22 **or districts, and to any charter school located within the territory of**  
23 **the original unaccredited district, in the 2015-2016 school year or**  
24 **immediately upon the lapse of the district's corporate organization,**  
25 **whichever occurs later, regardless of the district's official classification**  
26 **designation.**

27           (3) For any district that is declared unaccredited by the state board of  
28 education after July 1, 2015, **and for any charter school located in said**  
29 **district**, the provisions of subsection 1 of this section shall become applicable  
30 immediately upon such declaration.

31           [(3)] (4) For any district that has been declared provisionally accredited  
32 by the state board of education and remains provisionally accredited as of July  
33 1, 2016, **and for any charter school located in said district**, the provisions  
34 of subsection 1 of this section shall become applicable beginning in the 2016-17  
35 school year.

36           [(4)] (5) For any district that is declared provisionally accredited by the  
37 state board of education after July 1, 2016, **and for any charter school**  
38 **located in said district**, the provisions of this section shall become applicable  
39 beginning in the 2016-17 school year or immediately upon such declaration,  
40 whichever is later.

41           [(5)] (6) For all other districts **and charter schools**, the provisions of  
42 subsection 1 of this section shall become effective in any school year subsequent  
43 to a school year in which the amount appropriated for subsections 1 and 2 of  
44 section 163.031 is equal to or exceeds the amount necessary to fund the entire  
45 entitlement calculation determined by subsections 1 and 2 of section 163.031, and  
46 shall remain effective in all school years thereafter, irrespective of the amount  
47 appropriated for subsections 1 and 2 of section 163.031 in any succeeding year.

48           3. This section shall not require school attendance beyond that mandated  
49 under section 167.031 and shall not change or amend the provisions of sections  
50 160.051, 160.053, 160.054, and 160.055 relating to kindergarten attendance.

Section B. Because of the importance of ensuring adequate state funding  
2 for all public schools in the state of Missouri, section A of this act is deemed  
3 necessary for the immediate preservation of the public health, welfare, peace and  
4 safety, and is hereby declared to be an emergency act within the meaning of the  
5 constitution, and section A of this act shall be in full force and effect on July 1,  
6 2015, or upon its passage and approval, whichever occurs later.

Unofficial

Bill

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