

SECOND REGULAR SESSION  
[TRULY AGREED TO AND FINALLY PASSED]  
SENATE COMMITTEE SUBSTITUTE FOR

# SENATE BILLS NOS. 586 & 651

98TH GENERAL ASSEMBLY

2016

4833S.07T

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## AN ACT

To repeal sections 163.011 and 163.018, RSMo, and to enact in lieu thereof two new sections relating to elementary and secondary education, with an emergency clause.

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

Section A. Sections 163.011 and 163.018, RSMo, are repealed and two new  
2 sections enacted in lieu thereof, to be known as sections 163.011 and 163.018, to  
3 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  
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

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

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  
45 expenditures shall be the amount in paragraph (a) of this subdivision plus any  
46 increases in state funding pursuant to sections 163.031 and 163.043 subsequent  
47 to fiscal year 2005 received by a district in the 2004-05 school year from the  
48 foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair  
49 share, and free textbook payments for any district from the first preceding  
50 calculation of the state adequacy target];

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

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

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

62 (b) "Regional wage per job":

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

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

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

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

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

88 (6) "Free and reduced **price** lunch pupil count", for school districts not  
89 eligible for and those that do not choose the USDA Community Eligibility Option,  
90 the number of pupils eligible for free and reduced **price** lunch on the last  
91 Wednesday in January for the preceding school year who were enrolled as  
92 students of the district, as approved by the department in accordance with  
93 applicable federal regulations. For eligible school districts that choose the USDA  
94 Community Eligibility Option, the free and reduced **price** lunch pupil count shall  
95 be the percentage of free and reduced **price** lunch students calculated as eligible  
96 on the last Wednesday in January of the most recent school year that included

97 household applications to determine free and reduced **price** lunch count  
98 multiplied by the district's average daily attendance figure;

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

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

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

125 (10) "Local effort":

126 (a) For the fiscal year 2007 calculation, "local effort" shall be computed as  
127 the equalized assessed valuation of the property of a school district in calendar  
128 year 2004 divided by one hundred and multiplied by the performance levy less the  
129 percentage retained by the county assessor and collector plus one hundred  
130 percent of the amount received in fiscal year 2005 for school purposes from  
131 intangible taxes, fines, escheats, payments in lieu of taxes and receipts from  
132 state-assessed railroad and utility tax, one hundred percent of the amount  
133 received for school purposes pursuant to the merchants' and manufacturers' taxes  
134 under sections 150.010 to 150.370, one hundred percent of the amounts received  
135 for school purposes from federal properties under sections 12.070 and 12.080

136 except when such amounts are used in the calculation of federal impact aid  
137 pursuant to P.L. 81-874, fifty percent of Proposition C revenues received for  
138 school purposes from the school district trust fund under section 163.087, and one  
139 hundred percent of any local earnings or income taxes received by the district for  
140 school purposes. Under this paragraph, for a special district established under  
141 sections 162.815 to 162.940 in a county with a charter form of government and  
142 with more than one million inhabitants, a tax levy of zero shall be utilized in lieu  
143 of the performance levy for the special school district;

144 (b) In every year subsequent to fiscal year 2007, "local effort" shall be the  
145 amount calculated under paragraph (a) of this subdivision plus any increase in  
146 the amount received for school purposes from fines. If a district's assessed  
147 valuation has decreased subsequent to the calculation outlined in paragraph (a)  
148 of this subdivision, the district's local effort shall be calculated using the district's  
149 current assessed valuation in lieu of the assessed valuation utilized in the  
150 calculation outlined in paragraph (a) of this subdivision. When a change in a  
151 school district's boundary lines occurs because of a boundary line change,  
152 annexation, attachment, consolidation, reorganization, or dissolution under  
153 section 162.071, 162.081, sections 162.171 to 162.201, section 162.221, 162.223,  
154 162.431, 162.441, or 162.451, or in the event that a school district assumes any  
155 territory from a district that ceases to exist for any reason, the department of  
156 elementary and secondary education shall make a proper adjustment to each  
157 affected district's local effort, so that each district's local effort figure conforms  
158 to the new boundary lines of the district. The department shall compute the local  
159 effort figure by applying the calendar year 2004 assessed valuation data to the  
160 new land areas resulting from the boundary line change, annexation, attachment,  
161 consolidation, reorganization, or dissolution and otherwise follow the procedures  
162 described in this subdivision;

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

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

168 (b) The number of resident full-time students and the full-time equivalent  
169 number of part-time students who were enrolled in the public schools of the  
170 district on the last Wednesday in January of the previous year and who were in  
171 attendance one day or more during the preceding ten school days, plus the  
172 full-time equivalent number of summer school pupils. "Full-time equivalent  
173 number of part-time students" is determined by dividing the total number of  
174 hours for which all part-time students are enrolled by the number of hours in the

175 school term. "Full-time equivalent number of summer school pupils" is  
176 determined by dividing the total number of hours for which all summer school  
177 pupils were enrolled by the number of hours required pursuant to section 160.011  
178 in the school term. Only students eligible to be counted for average daily  
179 attendance shall be counted for membership;

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

186 (13) "Performance district", any district that has met performance  
187 standards and indicators as established by the department of elementary and  
188 secondary education for purposes of accreditation under section 161.092 and as  
189 reported on the final annual performance report for that district each year; for  
190 calculations to be utilized for payments in fiscal years subsequent to fiscal year  
191 2018, the number of performance districts shall not exceed twenty-five percent of  
192 all public school districts;

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

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

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

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

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

214 when such districts are rank-ordered based on their current operating  
215 expenditures per average daily attendance, divided by the total average daily  
216 attendance of all included performance districts. The department of elementary  
217 and secondary education shall first calculate the state adequacy target for fiscal  
218 year 2007 and recalculate the state adequacy target every two years using the  
219 most current available data. The recalculation shall never result in a decrease  
220 from the [previous state adequacy target amount] **state adequacy target as**  
221 **calculated for fiscal years 2017 and 2018 and any state adequacy target**  
222 **figure calculated subsequent to fiscal year 2018.** Should a recalculation  
223 result in an increase in the state adequacy target amount, fifty percent of that  
224 increase shall be included in the state adequacy target amount in the year of  
225 recalculation, and fifty percent of that increase shall be included in the state  
226 adequacy target amount in the subsequent year. The state adequacy target may  
227 be adjusted to accommodate available appropriations as provided in subsection  
228 7 of section 163.031;

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

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

253 any special education pupil count in calculating their weighted average daily  
254 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 **price** lunch and attend an  
4 early childhood education program that is operated by and in a district or by a  
5 charter school that has declared itself as a local educational agency providing  
6 full-day 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 **price** lunch between the ages of [three] **five** and eighteen who are  
12 included in the district's or charter school's calculation of average daily  
13 attendance.

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

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

22 (3) For any district that has been declared provisionally accredited by the  
23 state board of education and remains provisionally accredited as of July 1, 2016,  
24 **and for any charter school located in said district**, the provisions of  
25 subsection 1 of this section shall become applicable beginning in the 2016-17  
26 school year.

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

31 (5) For all other districts **and charter schools**, the provisions of  
32 subsection 1 of this section shall become effective in any school year subsequent  
33 to a school year in which the amount appropriated for subsections 1 and 2 of  
34 section 163.031 is equal to or exceeds the amount necessary to fund the entire  
35 entitlement calculation determined by subsections 1 and 2 of section 163.031, and  
36 shall remain effective in all school years thereafter, irrespective of the amount  
37 appropriated for subsections 1 and 2 of section 163.031 in any succeeding year.



38           3. This section shall not require school attendance beyond that mandated  
39 under section 167.031 and shall not change or amend the provisions of sections  
40 160.051, 160.053, 160.054, and 160.055 relating to kindergarten attendance.

Section B. Because of the importance of funding elementary and secondary  
2 education, section A of this act is deemed necessary for the immediate  
3 preservation of the public health, welfare, peace and safety, and is hereby  
4 declared to be an emergency act within the meaning of the constitution, and  
5 section A of this act shall be in full force and effect on July 1, 2016.

✓

Unofficial

Bill

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