

SECOND REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR

SENATE BILL NO. 781

89TH GENERAL ASSEMBLY

Reported from the Committee on Education, February 24, 1998, with recommendation that the Senate Committee Substitute do pass.

S2966.06C

TERRY L. SPIELER, Secretary.

AN ACT

To repeal sections 160.538, 162.081 and 168.221, RSMo 1994, and sections 163.011 and 166.275, RSMo Supp. 1997, relating to education, and to enact in lieu thereof seventeen new sections relating to the same subject.

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

Section A. Sections 160.538, 162.081 and 168.221, RSMo 1994, and sections 163.011 and 166.275, RSMo Supp. 1997, are repealed and seventeen new sections enacted in lieu thereof, to be known as sections 99.720, 160.538, 160.542, 160.600, 160.603, 160.606, 160.609, 160.611, 162.081, 162.666, 162.1060, 163.011, 163.100, 163.105, 166.275, 168.221 and 353.200, to read as follows:

99.720. Notwithstanding any other provision of law to the contrary, no certificate of tax abatement may be issued pursuant to sections 99.700 to 99.715 by any city not within a county unless and until:

(1) The governing body of the city makes a determination as to the amount of total revenue for the city, including, but not limited to, tax revenue from all sources, which will be generated by the project of which the real property at issue is a part; and

(2) The city pays to the school district which has taxing authority over the property an amount equal to fifty percent of such total revenue amount which shall be placed, at the district's discretion, in any of the funds established pursuant to section 165.011, RSMo, provided that any such revenues placed for operating purposes shall be deducted as payments in lieu of taxes received for operating purposes pursuant to line 3 of the state school aid formula established in subsection 6 of section 163.031, RSMo.

160.538. 1. By July 1, 1996, the state board of education shall develop a procedure and

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

criteria for determining that a school in a school district is "academically deficient". In making such a determination for any school, the state board of education shall consider the results for the school from the assessment system developed pursuant to the provisions of section 160.518 together with the results from the education audit performed under subsection 2 of this section.

2. (1) Prior to a decision that a school is academically deficient, the state board of education shall appoint an audit team of at least ten persons to conduct an education audit of the school to determine the factors that have contributed to the lack of student achievement at the school as measured by the district assessment system and make a finding as to whether the school is academically deficient. The specific standards and implementation of the education audit shall be pursuant to rules adopted by the state board of education.

(2) The audit team shall report its findings to the state board. If the audit team finds that the school is academically deficient, then the state board shall declare the school to be academically deficient.

(3) Following a decision that a school is academically deficient, the state board of education shall, within sixty days, appoint a management team of at least ten persons to conduct any necessary investigations and make any recommendations the team believes are appropriate for the administration and management of the school necessary to promote student achievement and any additional resources which are required. Funds shall be provided, upon appropriation, under subsection 2 of section 160.530 for the operation of the audit and management teams and resources needed in the district.

(4) In the appointment of the audit and management teams, the state board of education shall appoint such persons so that at least fifty percent of the team is composed of active classroom teachers at the elementary, middle or secondary level grades. Further, no more than two persons of said team may be employees of the department of elementary and secondary education. At least one member of the team shall be a public school superintendent from another district.

(5) The management team shall report its findings and recommendations to the state board within sixty school days. The commissioner of education shall, subject to availability of resources, provide resources to the district as recommended by the management team. The management team report may also include recommendations for one or more of the following: conducting a recall election for each member of the district school board, suspension of indefinite contracts for certificated staff in the school and a one-year maximum length for new or renewal of contracts for the superintendent or the principal of the school. The education audit team shall reevaluate the school two years after the filing of the management team report. No recall election, suspension of indefinite contract or maximum contract length limit may be imposed unless the audit team determines that the school is still academically deficient.

(6) The commissioner of education shall, upon such recommendation by the management team and upon approval by the state board of education, but only in the case where the education

audit team finds the school academically deficient in its reevaluation audit under subdivision (5) of this subsection, order an election in the district to be held for the purpose of conducting a recall election of all members of the district school board. The recall election shall be held on the next available election day thereafter as provided under section 115.123, RSMo, and shall be conducted pursuant to chapter 115, RSMo, except as otherwise provided herein.

3. (1) A district school board member of a district which contains a school declared academically deficient may be removed by the voters in a recall election. Such election shall be held upon the submission of a petition signed by voters of the district equal in number to at least twenty-five percent of the number of persons voting at the last preceding election to elect a district board member. The petition shall be filed with the election authority and the secretary of the district board of education, which petition shall contain a general statement of the grounds for which the removal is sought. The signatures to the petition need not all be appended to one paper, but each signer shall add to his signature his place of residence, giving the street and number. One of the signers of each such paper shall make oath before an officer competent to administer oaths that the statements therein made are true as he believes and that each signature to the paper appended is the genuine signature of the person whose name it purports to be.

(2) Within ten days from the date of filing such petition the election authority shall examine and ascertain whether said petition is signed by the requisite number of voters; and he shall attach to the petition his certificate, showing the result of the examination. If the petition is shown to be insufficient, it may be amended within ten days from the date of said certificate. The election authority shall, within ten days after such amendment, make like examination of the amended petition and, if his certificate shall show the same to be insufficient, it shall be returned to the person filing the same, without prejudice, however, to the filing of a new petition to the same effect. If the petition shall be deemed to be sufficient, the election authority shall submit the same to the district board without delay. If the petition shall be found to be sufficient, the district board shall order the question to be submitted to the voters of the district.

(3) If a majority of the voters vote in favor of retaining the member, he shall remain in office and shall not be subject to another recall election during his term of office except as provided in subsection 2 of this section. If a majority of voters vote to remove the member, his successor shall be chosen as provided in section 162.261, RSMo.

4. Under subdivision (5) of subsection 2 of this section, a district board of education may suspend indefinite contracts and issue probationary contracts to all certificated staff in a school declared academically deficient. However, no such indefinite contract for any person may be suspended without providing the person an opportunity for a due process hearing, conducted according to the provisions of chapter 536, RSMo, and only after the school board demonstrates that the performance of the person's duties contributed to the school meeting the criteria for being declared academically deficient. The district board of any school which is declared academically

deficient shall not issue new contracts or renew contracts to either the superintendent or the principal of the academically deficient school for a period of longer than one year. The provisions of other law to the contrary notwithstanding, a probationary teacher in a school declared academically deficient shall not be granted an indefinite contract until one year after such school is no longer determined to be academically deficient, and the probationary teacher meets all other requirements for permanent status required by law.

5. In any school district whose graduation rate, as defined in section 163.011, RSMo, is below sixty-five percent, the district school board shall determine which schools in the district meet the criteria set forth pursuant to subsection 1 of this section as being academically deficient, based on the results of the assessment system developed pursuant to section 160.518, whether or not the state board of education has made a finding that the schools are academically deficient. With respect to any such school, notwithstanding any provision of state law or regulation, district rule or regulation, or contract, the school district board shall have the authority to suspend or terminate contracts of certificated staff, the principal and any administrators having responsibility for the school and to reconstitute the school with new teachers and administrative staff or to sponsor a charter school. The authority granted herein shall not preclude the district board from offering contracts to individual teachers or administrators as the board may deem appropriate. Any termination of a contract of an individual permanent teacher pursuant to this section shall be subject to the procedures of sections 168.114 to 168.120, RSMo, or section 168.221, RSMo, whichever is applicable to such contract.

6. In any school district subject to the provisions of subsection 5 of this section, the district shall develop a program of incentives and rewards for teachers who contribute to a successful effort to prevent schools from becoming academically deficient as defined in this section or to remove schools that have been so identified from that category. The district's plan shall be subject to approval by the commissioner of education and may include, but shall not be limited to: bonuses, opportunities for staff development and the granting of status as master teachers.

160.542. 1. There is hereby established within the department of elementary and secondary education the "Research-based Reform Program" to be administered by the commissioner of education. The program shall consist of grant awards made to public schools from funds appropriated by the general assembly, demonstrating a commitment to undertake whole-school reforms that research has shown to be effective in improving student performance and sustaining measurable improvement after implementation. Grants shall require a matching contribution from the school district in which the school is located and shall run for up to three years. Funding for the second year shall be contingent upon each school's performance in setting up the

chosen program, and funding for the third year shall be contingent upon second-year performance.

2. The state board of education shall promulgate rules for the initial approval, second- and third-year funding of grants made under the program. The rules shall contain a method for determining the amount of the matching funds required from the district in which the grantee school is located. Such rules shall include a list of research-based reform programs that the state board of education determines can be reliably replicated under urban, suburban, and rural conditions. The list shall be coordinated with the federal Comprehensive School Reform Initiative to enable Missouri schools to be eligible for the moneys made available by the federal program. The department shall develop a method to evaluate the effectiveness of each school's implementation of the chosen research-based program for purposes of granting or denying second-year funding.

3. The grant program shall provide sufficient technical assistance to ensure that small schools that lack personnel with expertise in applying for grants are not prevented from applying. Added priority shall be given to schools which have been designated as academically deficient pursuant to section 160.538. Added priority shall be given to groups of schools that form consortia for the purpose of applying for the grant funds as a means of encouraging schools in isolated areas to participate. However, nothing in this subsection shall be construed as prohibiting consortia in more densely populated areas of the state from seeking such priority on grants under this program.

4. The commissioner of education shall develop a procedure for evaluating the effectiveness of the program described in this section. Such evaluation shall be conducted annually with the results of the evaluation provided to the governor, speaker of the house, and president pro tempore of the senate.

5. Any rule or portion of a rule, as that term is defined in section 536.010, RSMo, that is promulgated under the authority delegated in this section shall become effective only if it has been promulgated pursuant to the provisions of chapter 536, RSMo. All rulemaking authority delegated prior to the effective date of this section is of no force and effect and repealed; however, nothing in this section shall be interpreted to repeal or affect the validity of any rule filed or adopted prior to the effective date of this section if it fully complied with the provisions of chapter 536, RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536, RSMo, to review, to delay the effective date or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after the effective date of this section shall be invalid and void.

160.600. 1. A charter school is an independent, publicly supported school.

2. (1) Charter schools may be sponsored in a metropolitan school district or an urban school district containing most or all of a city with a population greater than three hundred fifty thousand inhabitants by the school board of the district or the state board of education.

(2) If an application is denied by a school board, the application may be submitted to the state board of education, along with the school board's written reasons for its denial, for review by the state board. If the state board finds that the proposed charter school would provide substantial educational benefit to the students of the district, the state board may grant a charter and act as the sponsor of the charter school.

3. No sponsor shall receive from an applicant for a charter school any fee of any type for the consideration of a charter, nor may a sponsor condition its consideration of a charter on the promise of future payment of any kind.

4. The charter school shall be a Missouri nonprofit corporation incorporated under chapter 355, RSMo. The charter provided for herein shall constitute a contract between the sponsor and the charter school.

5. Charter schools may be established by approved public or private institutions of higher education, as defined pursuant to section 173.205, RSMo, which institutions are located within the district in which the charter school is located or is to be located or which institutions are located within a program area established pursuant to section 162.1060 of this act which area contains the district in which the charter school is located or is to be located.

6. A sponsor of a charter school, its agents and employees are not vicariously liable for any acts or omissions of a charter school that it sponsors, including acts or omissions relating to the charter submitted by the charter school, the operation of the charter school and the performance of the charter school.

160.603. 1. A person, group or organization seeking to establish a charter school shall submit the proposed charter, as provided in subsection 3 of this section, to a sponsor. The charter shall include a mission statement for the charter school, a description of the charter school's organizational structure and bylaws of the governing body, which will be responsible for the policy and operational decisions of the charter school, a financial plan for the first three years of operation of the charter school including provisions for annual audits, a description of the charter school's policy for securing personnel services, its personnel policies, and personnel qualifications, a description of the grades or ages of students being served, the school's calendar of operation, which shall include at least the equivalent of a full school term as defined in section 160.011, and an outline of criteria specified in this section designed to

measure the effectiveness of the school. The charter shall also state:

- (1) The educational goals and objectives to be achieved by the charter school;
- (2) A description of the charter school's educational program and curriculum;
- (3) The term of the charter, which shall be not less than five years, nor greater than ten years and shall be renewable;

(4) A description of the charter school's pupil performance standards, which must meet the requirements of subdivision (6) of subsection 5 of this section. The charter school program must be designed to enable each pupil to achieve such standards; and

(5) A description of the governance and operation of the charter school, including the nature and extent of parental, professional educator, and community involvement in the governance and operation of the charter school.

2. Proposed charters shall be subject to the following requirements:

(1) A charter may be approved when the sponsor determines that the requirements of this section are met and determines that the applicant is sufficiently qualified to operate a charter school. The sponsor's decision shall be made within sixty days of the filing of the proposed charter; and

(2) If the charter is denied, the proposed sponsor shall notify the applicant in writing as to the reasons for its denial.

3. If a charter is approved by a sponsor, it shall be submitted to the state board of education which may, within forty-five days, disapprove the granting of the charter. The state board of education may disapprove a charter only on grounds that the application fails to meet the requirements of sections 160.600 to 160.611.

4. Any disapproval of a charter pursuant to subsection 3 of this section shall be subject to judicial review pursuant to chapter 536, RSMo.

5. A charter school shall, as provided in its charter:

(1) Be nonsectarian in its programs, admission policies, employment practices, and all other operations;

(2) Comply with laws and regulations of the state relating to health, safety, and minimum educational standards;

(3) Except as provided in sections 160.600 to 160.611, be exempt from all laws and rules relating to schools, governing boards and school districts;

(4) Be financially accountable, provide for an annual audit by a certified public accountant, and provide liability insurance to indemnify the school, its board, staff and teachers against tort claims. For the purposes of securing such insurance, a charter school shall be eligible for the Missouri public entity risk management fund pursuant to section 537.700, RSMo;

(5) Provide a comprehensive program of instruction for at least one grade or age

group up to grade twelve including kindergarten and early childhood education, as specified in its charter;

(6) Design a method to measure pupil progress toward the pupil academic standards adopted by the state board of education pursuant to section 160.514, collect baseline data during at least the first three years for determining how the charter school is performing and to the extent applicable, participate in the essential skills tests and the nationally standardized norm-referenced achievement tests, as designated by the state board pursuant to section 160.518, complete and distribute an annual report card as prescribed in section 160.522 and report to its sponsor, the local school district, and the state board of education as to its teaching methods and any educational innovations and the results thereof;

(7) Work to ensure that the needs of special education children are met.

6. The charter of a charter school may be amended at the request of the governing body of the charter school and on the approval of the sponsor. The sponsor and the governing board and staff of the charter school shall jointly review the school's performance, management, and operations at least once every two years.

7. (1) A sponsor may revoke a charter at any time if the charter school commits a serious breach of one or more provisions of its charter or on any of the following grounds: failure to meet academic performance standards as set forth in its charter, failure to meet generally accepted standards of fiscal management, or violation of law.

(2) The sponsor may place the charter school on probationary status to allow the implementation of a remedial plan, after which, if such plan is unsuccessful, the charter may be revoked.

(3) At least sixty days before acting to revoke a charter, the sponsor shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action. The school's board of directors may request in writing a hearing before the sponsor within two weeks of receiving the notice.

(4) The sponsor of a charter school shall establish procedures to conduct administrative hearings upon determination by the sponsor that grounds exist to revoke a charter. Final decisions of a sponsor from hearings conducted pursuant to this subsection are subject to judicial review pursuant to chapter 536, RSMo.

(5) A termination shall be effective only at the conclusion of the school year, unless the sponsor determines that continued operation of the school presents a clear and immediate threat to health and safety of the children.

8. A school district may enter into a lease with a charter school for physical facilities. A charter school may not be located on the property of a school district unless the district governing board agrees.

9. A governing board or a school district employee who has control over personnel actions shall not take unlawful reprisal against another employee at the school district because the employee is directly or indirectly involved in an application to establish a charter school. A governing board or a school district employee shall not take unlawful reprisal against an educational program of the school or the school district because an application to establish a charter school proposes the conversion of all or a portion of the educational program to a charter school. As used in this subsection, "unlawful reprisal" means an action that is taken by a governing board or a school district employee as a direct result of a lawful application to establish a charter school and that is adverse to another employee or an educational program and:

(1) With respect to a school district employee, results in one or more of the following:

- (a) Disciplinary or corrective action;**
- (b) Transfer or reassignment;**
- (c) Suspension, demotion or dismissal;**
- (d) An unfavorable performance evaluation;**
- (e) A reduction in pay, benefits or awards;**
- (f) Elimination of the employee's position without a reduction in force by reason of lack of money or work;**
- (g) Other significant changes in duties or responsibilities that are inconsistent with the employee's salary or employment classification;**

(2) With respect to an educational program, results in one or more of the following:

- (a) Suspension or termination of the program;**
- (b) Transfer or reassignment of the program to a less favorable department;**
- (c) Relocation of the program to a less favorable site within the school or school district;**
- (d) Significant reduction or termination of funding for the program.**

160.606. 1. A charter school shall enroll all pupils resident in this state who submit a timely application, unless the number of applications exceeds the capacity of a program, class, grade level or building. If capacity is insufficient to enroll all pupils who submit a timely application, the charter school shall have an admissions process that assures all applicants of an equal chance of gaining admission except that:

(1) A charter school may establish a geographical area around the school whose residents will receive a preference for enrolling in the school, provided that such preferences do not result in the establishment of racially or socio-economically isolated schools and provided such preferences conform to policies and guidelines established by the state board of education; and

(2) A charter school may also give a preference for admission of children whose siblings attend the school or whose parents are employed at the school.

2. A charter school shall not limit admission or otherwise discriminate on the basis of race, ethnicity, national origin, disability, gender, income level, proficiency in the English language or athletic ability, but may limit admission to pupils within a given age group or grade level.

3. A student in a charter school may opt to participate in athletic or other extracurricular activities of the school the student would otherwise attend in the student's district of residence unless the charter school offers the same activity.

160.609. 1. For the purposes of calculation and distribution of state school aid under section 163.031, RSMo, pupils enrolled in a charter school shall be included in the pupil enrollment of the school district within which each pupil resides, except that payment of state aid for such pupil shall be made by the department of elementary and secondary education to the charter school attended as provided in subsection 2 of this section and shall not be made to the pupil's district of residence. Each charter school shall report the names, addresses, and eligibility for free or reduced price lunch or other categorical aid, of pupils resident in a school district who are enrolled in the charter school to the school district in which those pupils reside and to the state department of elementary and secondary education. Each charter school shall promptly notify the state department of elementary and secondary education and the pupil's school district when a student discontinues enrollment at a charter school.

2. For each pupil attending a charter school, the department of elementary and secondary education shall pay to the charter school an annual amount equal to the per pupil state aid pursuant to section 163.031, RSMo, which would otherwise be received by the pupil's district of residence plus all other state aid attributable to such pupil, including summer school, if applicable, and the pupil's school district of residence shall pay to the charter school the product of the equalized, adjusted operating levy for school purposes for the pupil's district of residence for the current year times the guaranteed tax base per eligible pupil, as defined in section 163.011, RSMo, less the amount paid by the department to the charter school pursuant to this subsection. The district of residence of a pupil attending a charter school shall also pay to the charter school any other federal or state aid that the district receives on account of such child. The amounts provided pursuant to this subsection shall be prorated for partial year enrollment for a pupil.

3. If a school district fails to make timely payments of any amount for which it is the disbursal agent, the state department of elementary and secondary education shall authorize payment to the charter school of the amount due pursuant to subsection 2 and shall deduct the same amount from the next state school aid

apportionment to the owing school district.

4. The charter school and a local school board may agree by contract for services to be provided by the school district to the charter school. The charter school may contract with any other entity for services. Such services may include but are not limited to food service, custodial service, maintenance, management assistance, curriculum assistance, media services, and libraries and shall be subject to negotiation between the charter school and the local school board or other entity. Actual costs of such services shall be paid for by the charter school.

5. A charter school may enter into contracts with community partnerships and state agencies acting in collaboration with such partnerships that provide services to children and their families linked to the school.

6. A charter school shall not be eligible for transportation state aid pursuant to section 163.161, RSMo. A school district shall, however, provide transportation to pupils attending a charter school located in the district and shall obtain transportation state aid on the same basis that it provides transportation and receives such aid for pupils attending schools in the district.

7. (1) The proportionate share of state and federal resources generated by students with disabilities or staff serving them shall be paid in full to charter schools enrolling those students by their school district where such enrollment is through a contract for services described in this section. The proportionate share of money generated under other federal or state categorical aid programs shall be directed to charter schools serving such students eligible for that aid.

(2) A school district may, pursuant to contract with a charter school, provide all or part of the special services provided pursuant to section 162.705, RSMo.

(3) Where there is no contract for special services for students with disabilities, enrollment of students in a charter school shall not entitle the student to special education services at the charter school. Such students may obtain special education and related services pursuant to state regulation provisions relating to access by private school students.

(4) Notwithstanding any provision to the contrary in section 162.857, RSMo, each school district located within a special school district may enroll a student with a disability residing in the school district in a charter school. Such enrollment shall be by contract pursuant to section 162.705, RSMo, and shall only occur by joint agreement of the parent, charter school and school district of the child's residence. Agreement from the special school district is not required. Such enrollment shall only occur if the school district has filed, and obtained approval of, a compliance plan specifically addressing students with disabilities placed with the school district in a charter school, with the department of elementary and secondary education. Waiver of compliance

requirements may be requested from the department of elementary and secondary education. The department of elementary and secondary education may seek waiver approval from the United States Department of Education.

8. A charter school may not charge tuition, nor may it impose fees that a school district is prohibited from imposing.

9. A charter school is authorized to incur debt in anticipation of receipt of funds. A charter school may also borrow to finance facilities and other capital items. A school district may incur bonded indebtedness or take other measures to provide for physical facilities for charter schools that it sponsors or contracts with.

10. Charter schools shall not have the power to acquire property by eminent domain.

11. The governing body of a charter school is authorized to accept grants, gifts, or donations of any kind and to expend or use such grants, gifts, or donations in accordance with the conditions prescribed by the donor. A grant, gift, or donation may not be accepted by the governing body if it is subject to any condition contrary to law applicable to the school or contrary to the terms of the charter.

160.611. 1. If a charter school offers to retain the services of an employee of a school district, and the employee accepts a position at the charter school, the contract between the charter school and the school district may provide that an employee at the employee's option may remain an employee of the district and the charter school shall pay to the district the district's full costs of salary and benefits provided to the employee. A teacher who accepts a position at a charter school and opts to remain an employee of the district retains such teacher's permanent teacher status and seniority rights in the district for a period of up to three years or for any longer period that the teacher and the district agree to.

2. A charter school may employ noncertificated instructional personnel; provided that no more than twenty percent of the full-time equivalent instructional staff positions at the school are filled by noncertificated personnel. The charter school shall ensure that all instructional employees of the charter school have experience, training and skills appropriate to the instructional duties of the employee, and the charter school shall ensure that a criminal background check and child abuse registry check are conducted for each employee of the charter school prior to the hiring of the employee. Appropriate experience, training and skills of noncertificated instructional personnel shall be determined considering:

- (1) Teaching certificates issued by another state or states;**
- (2) Certification by the National Standards Board;**
- (3) College degrees in the appropriate field;**
- (4) Evidence of technical training and competence when such is appropriate; and**

(5) Level of supervision and coordination with certificated instructional staff.

3. Full-time personnel employed by the charter school may, at the charter school's option, participate in the retirement system of the school district in which the charter school is located, subject to the same terms, conditions, requirements and other provisions applicable to personnel employed by the school district.

162.081. 1. Whenever any school district in this state fails or refuses in any school year to provide for the minimum school term required by section 163.021, RSMo, or is classified unaccredited for two successive school years by the state board of education, its corporate organization shall lapse. The corporate organization of any school district that is classified as unaccredited shall lapse on June thirtieth following the second such unaccredited classification. The territory theretofore embraced within any district that lapses pursuant to this section or any portion thereof, **may** [shall] be attached to any district for school purposes by the state board of education; but no school district, except a district classified as unaccredited pursuant to section 163.023, RSMo, and section 160.538, RSMo, shall lapse where provision is lawfully made for the attendance of the pupils of the district at another school district that is classified as provisionally accredited or accredited by the state board of education.

2. **(1)** When any school district in this state shall lapse, prior to a determination by the state board of education to attach the territory of the district to any district for school purposes, the **state board of education** [department of elementary and secondary education shall] **may appoint a special administrative board to** conduct a public hearing at a location in the school district that has lapsed **for the purpose of recommending the reassignment of the territory within the district and to supervise the financial operations, maintain and preserve the financial assets and, if the special administrative board so determines, to continue operation of the educational programs within the former district. The special administrative board shall consist of two persons who are residents of the school district, who shall serve without compensation, and one person who shall serve as a compensated administrator paid in whole or in part with funds from the district.** The purpose of the public hearing shall be to receive information from the voters of the school district that has lapsed pertaining to the school district or districts that should be considered to receive territory of said lapsed district **or what provisions might otherwise be made in the best interest of the education of the children of the district.**

(2) The special administrative board may retain the authority granted to a board of education for the operation of the former school district under the laws of the state of Missouri in effect at the time of the notice of lapse. The authority of the special administrative board shall expire at the end of the second full school year following its appointment, unless extended by the state board of education for a period of two years.

(3) If the district has lapsed because it has been classified unaccredited for two

successive school years, the special administrative board may take control of those schools within the district that, in its sole discretion, such board determines are causing or contributing to cause the failure to achieve accreditation and delegate control of the remaining schools to a local board of education established pursuant to subdivision (5) of this subsection.

(4) Any charter schools sponsored in the district at the time of the board's appointment shall continue under the sponsorship of a successor school district or the existing sponsor.

(5) The special administrative board shall, at the direction of the state board of education, make such study and recommendations as the state board may direct as to the reassignment of territory within the lapsed district. The state board of education may issue a decision establishing a new school district or districts, including governance structures which may provide for appointment of school boards of newly created districts or lapsed districts whose schools have been operated by the special administrative board, which shall take effect sixty days after the adjournment of the regular session of the general assembly next following the state board's decision unless a statute or concurrent resolution is enacted to nullify the state board's decision prior to such effective date. The state board's decision shall make provisions for retirement benefits for employees of successor school districts.

(6) The special administrative board shall provide an accounting of all funds, assets and liabilities of the former district and transfer such funds, assets and liabilities of the former district as determined by the state board of education.

(7) Upon recommendation of the special administrative board, the state board of education shall be authorized to assign the funds, assets and liabilities of the former district to another district or districts within the state. Upon assignment, all authority of the special administrative board shall transfer to the assigned districts.

(8) Neither the special administrative board nor any district or other entity assigned territory, assets or funds from a lapsed district shall be considered a successor entity for the purpose of employment contracts or unemployment compensation payment pursuant to section 288.110, RSMo.

3. If additional teachers are needed by a district as a result of increased enrollment due to the annexation of territory of a lapsed or dissolved district, such district shall grant an employment interview to any permanent teacher of the lapsed or dissolved district upon the request of such permanent teacher.

162.666. 1. Within thirty days after the effective date of this act, for every city in this state not within a county, the terms of all members of any school board in these cities are abolished and the state board of education shall appoint a chief executive officer for the district who shall replace the superintendent. The chief executive officer

shall be a person of recognized administrative ability and management experience, shall be responsible for the management of the system and shall have all other powers and duties of any other general superintendent of schools.

2. Any powers granted to any existing school boards in districts described in subsection 1 of this section on or before the effective date of this section shall be deemed terminated. Unless otherwise provided in this section, the state board of education shall have all powers and duties exercised and performed by the existing school board at the time the terms of its members are abolished as provided in subsection 1 of this section.

3. The chief executive officer shall select a chief academic officer, a chief financial officer for the district and four members of the board of trustees of the retirement system of the district who shall replace the school board members of the board of trustees, subject to approval by the state board of education.

4. The chief executive officer's powers and duties shall include:

(1) Responsibility for appointing staff, creating an academic accountability plan, taking corrective action in underperforming schools, and seeking relief from state-mandated programs;

(2) Authority over charter schools and exploration of alternative forms of governance for the district;

(3) Authority to contract with nonprofit corporations to provide for operation of schools;

(4) Oversight of facility planning, construction, improvement, repair, maintenance and rehabilitation.

5. (1) The chief executive officer may establish a not-for-profit corporation to operate individual schools and may lease school district properties to such schools for school purposes.

(2) A not-for-profit corporation established pursuant to this section shall have a board of directors consisting of the principal, two teachers, two parents and two residents of the community.

(3) The initial board of directors of the corporation shall establish a selection process for teacher, parent and community representatives to the board, and the chief executive officer shall select the principal.

(4) The contract between the corporation and the district shall provide for the manner of operating the school and shall include curriculum, activities, hiring of personnel by the school, academic standards and expectations.

(5) The contract shall describe the school's geographic service region, admissions process and strategies for serving all who apply. If more students apply than the school can accommodate, students shall be accepted based upon a fair, random

selection process.

(6) Personnel at schools operated by the corporation shall receive the same benefits and be eligible for retirement in the same manner as district employees.

(7) All personnel of schools operated by the corporation shall be employees of the corporation. The school shall have its own hiring, retention, promotion and tenure policies, which shall be subject to the approval of the chief executive officer.

6. Beginning in April 2003 upon election and certification of members elected pursuant to this subsection, each school district in a city not within a county shall be governed by a seven-member board of directors elected to represent subdistricts, each comprised of four wards. A member shall reside in the subdistrict which the member is elected to represent; provided, however that all members shall be elected at-large. The members shall serve four-year terms, except that initial members elected in subdistricts 2, 4 and 6 shall serve initial terms of two years. Subdistrict 1 shall be comprised of wards 1, 2, 22 and 27. Subdistrict 2 shall be comprised of wards 3, 4, 5 and 21. Subdistrict 3 shall be comprised of wards 18, 19, 20 and 26. Subdistrict 4 shall be comprised of wards 6, 7, 17 and 28. Subdistrict 5 shall be comprised of wards 9, 10, 11 and 12. Subdistrict 6 shall be comprised of wards 13, 14, 16 and 25. Subdistrict 7 shall be comprised of wards 8, 15, 23 and 24.

7. Each member of the board of directors elected pursuant to subsection 6 of this section shall participate in board member training.

8. (1) The board established in subsection 6 of this section shall develop, implement, monitor and evaluate a comprehensive school improvement plan, and such plan shall be subject to review and approval of the state board of education until July 1, 2009. The sole purpose of the plan shall be to ensure that all students meet or exceed grade level standards;

(2) The board shall establish student performance standards for preschool through grade twelve in all skill and subject areas, subject to review and approval of the state board of education for the purpose of determining whether the standards are consistent with standards established by the state board of education pursuant to section 160.514, RSMo;

(3) All students in the district who do not achieve grade level standards shall be required to attend summer school;

(4) No student shall be promoted to a higher grade level unless that student has a reading ability at or above one grade level below the student's grade level;

(5) The board established in subsection 6 of this section shall develop, implement and annually update a professional development plan for teachers and other support staff, subject to review and approval of the state board of education for the purpose of determining whether the plan is consistent with standards established by the state

board for professional development plans.

9. The school improvement plan established pursuant to this section shall ensure open enrollment and program access to all students in the district. Students who change residence within the district shall be allowed to continue to attend the school in which they were initially enrolled for the remainder of their education at grade levels served by that school, and transportation shall be provided by the district to allow such students to continue to attend such school of initial enrollment.

10. To the extent practicable, per pupil expenditures and pupil-teacher ratios shall be the same for all schools serving students at a given grade level.

11. The board shall ensure that early childhood education is available throughout the district.

12. The board shall ensure that vocational education instruction is provided within the district.

13. The superintendent of the district shall serve as an ex-officio member of the cabinet of the mayor of the city in which the district is located.

14. The board shall establish an accountability officer whose duty shall be to ensure that academically deficient schools within the district are raised to acceptable condition within two years. In establishing a procedure and criteria for determining that a school is academically deficient pursuant to section 160.538, RSMo, the state board of education shall not use the location of a school nor the number of deficient schools in a district as criteria in such determinations.

15. There is hereby established in the metropolitan school district a pilot program of multi-year teacher-student groupings. The program shall be implemented in no less than twenty schools in the district and shall be implemented for no less than five consecutive years in each of such schools and in at least six classrooms in each of such schools. The program shall seek to improve student learning by providing a long-term relationship between the student and a particular teacher. The governing body of the district shall develop a plan for grade level groups throughout which participating classes shall maintain the same group of students with the same teacher for multi-year periods. The board shall establish a policy and a procedure to review and act upon requests by a student or the parent of a student that the student be transferred to a different class with a different teacher. Any pilot program established pursuant this subsection shall be subject to monitoring, review and approval by the state board of education. The state board of education shall provide a report and recommendations regarding the pilot program established pursuant to this section to the general assembly within six months following completion of the fifth year of operation of the program.

162.1060. 1. An urban public school choice program is hereby established within

a program area which shall include any school district located in whole or in part in a county with a population in excess of nine hundred thousand persons or in a city not within a county, to begin with the fiscal year following the fiscal year in which a final judgment as to the state of Missouri and its officials is entered in a case which subjects one or more school districts in the program area to a federal court's jurisdiction. For the purposes of this section, final judgment shall include only a judgment which disposes of all claims involving the state of Missouri and its officials and for which final disposition of all appeals has been rendered.

2. The program shall be administered by a governing council which shall consist of the superintendent or chief executive officer of each school district within the area covered by the program. Any district within the program area may elect to accept and enroll non-resident students from one or more districts as determined by the school district electing to accept and enroll such students. First preference for acceptance of students shall be granted to students currently attending a district other than the district of residence pursuant to a voluntary transfer program established pursuant to a federal court desegregation order, decree or agreement.

3. The governing council shall establish four regional attendance zones which map the regions of a district in a city not within a county to corresponding recipient districts within the remainder of the program area. In establishing the regional attendance zones, the governing council shall solicit comments and suggestions from residents of the program area and may adopt one or more regional attendance zones previously established in the program area pursuant to a federal court desegregation order, decree or agreement.

4. Public school choice incentive aid shall be provided pursuant to this section only for students residing in a city not within a county and attending another district in the program area.

5. A student residing in a district in a program area and attending another district in the program area shall be counted as an eligible pupil in the district where the student attends school for the purpose of distributing funds pursuant to sections 148.360, 149.015, 163.031 and section 163.087, RSMo, and for all other purposes of law, and such student shall be counted as part of the membership of the district where the student attends school for the purpose of distributing funds pursuant to sections 151.150 and 153.030, RSMo and for all other purposes of law.

6. In addition to funds received pursuant to sections 148.360, 149.015, 151.150, 153.030, 163.031 and section 163.087, RSMo, for a pupil residing in a city not within a county and attending school in another district in a program area, the district where such student attends school shall receive a public school choice incentive payment paid by the department of elementary and secondary education, subject to

appropriation. The annual amount of the public school choice incentive payment shall be the lesser of: 1) the cost of education for the district attended minus the total of all funds received by the district attended pursuant to sections 148.360, 149.015, 151.150, 153.030, 163.031 and section 163.087, RSMo, on the basis of that student's attendance or 2) the product of the guaranteed tax base per eligible pupil times the current equalized, adjusted operating levy of the district in which the pupil resides minus the total of all funds received by the district attended pursuant to sections 148.360, 149.015, 151.150, 153.030, 163.031 and section 163.087, RSMo, on the basis of that student's attendance except for any funds received by the district attended pursuant to line 14 of subsection 6 of section 163.031, RSMo, on the basis of that student's attendance. A district shall only be eligible to receive a public school choice incentive payment during the first ten school years for which the urban public school choice program is in existence in the program area unless such incentive payment is reimposed by the general assembly.

7. The school district where a student residing in the program area and also in that district's attendance zone attends school shall provide transportation to such student attending school in that district on the same basis that it provides transportation to pupils residing in the district, and the district shall receive state transportation aid, subject to appropriation, pursuant to this subsection for reimbursement of one hundred percent of the district's reasonable and necessary costs to provide transportation for such pupils.

8. The school district where a student residing in the program area and not in that district's attendance zone attends school shall provide transportation to such student attending school in that district on the same basis that it provides transportation to pupils residing in the district, and the district shall receive state transportation aid pursuant to section 163.161, RSMo, for reimbursement of the district's reasonable and necessary costs to provide transportation for such pupils.

9. The school district where a student residing in the program area and also in that district's attendance zone attends school shall receive, from the student's district of residence the proportionate share of state and federal resources generated by such students with disabilities or the staff serving them unless the district of residence is required by law to provide services to individual students. The proportionate share of money generated under other federal or state categorical aid programs shall be directed to the school districts serving such students eligible for that aid.

10. No later than four years following the date an urban school choice program is begun pursuant to this section in a program area, the senate and the house of representatives shall establish a "Joint Committee on Urban Public School Choice Programs", composed of five members of the senate, appointed by the president pro tem of the senate, and five members of the house of representatives, appointed by the

speaker of the house. Not more than three members appointed by the president pro tem and not more than three members appointed by the speaker of the house shall be from the same political party.

11. The joint committee may meet as necessary and hold hearings and conduct investigations as it deems advisable. No later than five years following the date an urban school choice program is begun pursuant to this section in a program area, the committee shall review and monitor the status of any urban public school choice program established pursuant to this section and make any recommendations the committee deems necessary to the general assembly regarding such program or programs, which may include proposed changes to the program and recommendations regarding the continuation of the program. The members shall receive no additional compensation, other than reimbursement for their actual and necessary expenses incurred in the performance of their duties. The staff of the committee on legislative research, house research, and senate research shall provide necessary clerical, research, fiscal and legal services to the committee, as the committee may request.

12. No later than nine years following the date an urban school choice program is begun pursuant to this section in a program area, the "Joint Committee on Urban Public School Choice Programs" shall be reestablished in the form specified in subsection 10 of this section and pursuant to the same provisions for reimbursement of expenses and staff support as specified in subsection 11 of this section. No later than ten years following the date an urban school choice program is begun pursuant to this section in a program area, the committee shall review and monitor the status of any urban public school choice program established pursuant to this section and make any recommendations the committee deems necessary to the general assembly regarding such program or programs, which shall include, at a minimum, a recommendation regarding whether the public school choice incentive payment should be continued beyond the time period provided for pursuant to subsection 6 of this section.

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

(1) "Adjusted gross income":

(a) "District adjusted gross income per return" shall be the total Missouri individual adjusted gross income in a school district divided by the total number of Missouri income tax returns filed from the school district as reported by the state department of revenue for the second preceding year;

(b) "State adjusted gross income per return" shall be the total Missouri individual adjusted gross income divided by the total number of Missouri individual income tax returns, of those returns designating school districts, as reported by the state department of revenue for the second preceding year;

(c) "District income factor" shall be one plus thirty percent of the difference of the district

income ratio minus one, except that the district income factor applied to the portion of the assessed valuation corresponding to any increase in assessed valuation above the assessed valuation of a district as of December 31, 1994, shall not exceed a value of one;

(d) "District income ratio" shall be the ratio of the district adjusted gross income per return divided by the state adjusted gross income per return;

(2) "Adjusted operating levy", the sum of tax rates for the current year for teachers and incidental funds for a school district as reported to the proper officer of each county pursuant to section 164.011, RSMo;

[(2)] **(3)** "Average daily attendance" means the quotient or the sum of the quotients obtained by dividing the total number of hours attended in a term by resident pupils between the ages of five and twenty-one by the actual number of hours school was in session in that term. To the average daily attendance of the school term shall be added the full-time equivalent average daily attendance of summer school students. "Full-time equivalent average daily attendance of summer school students" shall be computed by dividing the total number of hours attended by all summer school pupils by the number of hours required in section 160.011, RSMo, in the school term. For purposes of determining average daily attendance under this subdivision, the term "resident pupil" shall include all children between the ages of five and twenty-one who are residents of the school district and who are attending kindergarten through grade twelve in such district. If a child is attending school in a district other than the district of residence and the child's parent is teaching in the school district or is a regular employee of the school district which the child is attending, then such child shall be considered a resident pupil of the school district which the child is attending for such period of time when the district of residence is not otherwise liable for tuition. Average daily attendance for students below the age of five years for which a school district may receive state aid based on such attendance shall be computed as regular school term attendance unless otherwise provided by law;

(4) "Current operating costs", all expenditures for instruction and support services excluding capital outlay and debt service expenditures less the revenue from federal categorical sources, food service, student activities and payments from other districts;

[(3)] **(5)** "District's tax rate ceiling", the highest tax rate ceiling in effect subsequent to the 1980 tax year or any subsequent year. Such tax rate ceiling shall not contain any tax levy for debt service;

[(4)] **(6)** "Eligible pupils" shall be the sum of the average daily attendance of the school term plus the product of two times the average daily attendance for summer school;

[(5)] **(7)** "Equalized assessed valuation of the property of a school district" shall be determined by multiplying the assessed valuation of the real property subclasses specified in section 137.115, RSMo, times the percent of true value as adjusted by the department of

elementary and secondary education to an equivalent sales ratio of thirty-three and one-third percent and dividing by either the percent of true value as determined by the state tax commission on or before March fifteenth preceding the fiscal year in which the valuation will be effective as adjusted by the department of elementary and secondary education to an equivalent sales ratio of thirty-three and one-third percent or the average percent of true value for the highest three of the last four years as determined and certified by the state tax commission, whichever is greater. To the equalized locally assessed valuation of each district shall be added the assessed valuation of tangible personal property. The assessed valuation of property which has previously been excluded from the tax rolls, which is being contested as not being taxable and which increases the total assessed valuation of the school district by fifty percent or more, shall not be included in the calculation of equalized assessed valuation under this subdivision;

(8) "Fiscal instructional ratio of efficiency", the quotient of the sum of the district's current operating costs for all kindergarten through grade twelve direct instructional and direct pupil support service functions, excluding student activities, plus the costs of improvement of instruction and the cost of purchased services and supplies for operation of the facilities housing those programs divided by the sum of the district's current operating cost for kindergarten through grade twelve, plus all tuition revenue received from other districts minus all non-capital transportation costs;

~~[(6)]~~ **(9)** "Free and reduced lunch eligible pupil count", the number of pupils eligible for free and reduced lunch on the last Wednesday in January for the preceding school year who were enrolled as students of the district, as approved by the department in accordance with applicable federal regulations;

(10) "Graduation rate", the quotient of the number of graduates in the current year as of June thirtieth divided by the sum of the number of graduates in the current year as of June thirtieth plus the number of twelfth-graders who dropped out in the current year plus the number of eleventh-graders who dropped out in the preceding year plus the number of tenth-graders who dropped out in the second preceding year plus the number of ninth-graders who dropped out in the third preceding year;

~~[(7)]~~ **(11)** "Guaranteed tax base" means the amount of equalized assessed valuation per eligible pupil guaranteed each school district by the state in the computation of state aid. To compute the guaranteed tax base, school districts shall be ranked annually from lowest to highest according to the amount of equalized assessed valuation per pupil. The guaranteed tax base shall be based upon the amount of equalized assessed valuation per pupil of the school district in which the ninety-fifth percentile of the state aggregate number of pupils falls during the third preceding year and shall be equal to the state average equalized assessed valuation per eligible pupil for the third preceding year times two and one hundred and sixty-seven thousandths. The average equalized assessed valuation per pupil shall be the quotient of the total equalized assessed

valuation of the state divided by the number of eligible pupils;

[(8)] (12) "Membership" shall be the average of (1) the number of resident full-time students and the full-time equivalent number of part-time students who were enrolled in the public schools of the district on the last Wednesday in September of the previous year and who were in attendance one day or more during the preceding ten school days and (2) the number of resident full-time students and the full-time equivalent number of part-time students who were enrolled in the public schools of the district on the last Wednesday in January of the previous year and who were in attendance one day or more during the preceding ten school days, plus the full-time equivalent number of summer school pupils. "Full-time equivalent number of part-time students" is determined by dividing the total number of hours for which all part-time students are enrolled by the number of hours in the school term. "Full-time equivalent number of summer school pupils" is determined by dividing the total number of hours for which all summer school pupils were enrolled by the number of hours required pursuant to section 160.011, RSMo, in the school term. Only students eligible to be counted for average daily attendance shall be counted for membership;

[(9)] (13) "Operating levy for school purposes" means the sum of tax rates levied for teachers and incidental funds in the payment year and shall be, after all adjustments and equalization of the operating levy, no less than the minimum value required in section 163.021 for eligibility for increases in state aid as calculated pursuant to section 163.031 and no greater than a maximum value of four dollars and sixty cents per one hundred dollars assessed valuation. To equalize the operating levy, multiply the aggregate tax rates for teachers, incidental, and building funds by either the percent of true value, as determined by the state tax commission on or before March fifteenth preceding the fiscal year in which the evaluation will be effective as adjusted by the department of elementary and secondary education to an equivalent sales ratio of thirty-three and one-third percent, or the average percent of true value for the highest three of the last four years as determined and certified by the state tax commission, whichever is greater, and divide by the percent of true value as adjusted by the department of elementary and secondary education to an equivalent sales ratio of thirty-three and one-third percent, provided that for any district for which the equivalent sales ratio is equal to or greater than thirty-three and one-third percent, the equalized operating levy shall be the adjusted operating levy. For any county in which the equivalent sales ratio is less than thirty-one and two-thirds percent, the state tax commission shall conduct a second study in that county and shall use a sample at least twice as large as the one originally used. If the new ratio is higher than the original ratio provided by this subdivision, the new ratio shall be used for the purposes of this subdivision and for determining equalized assessed valuation pursuant to subdivision (5) of this section. For the purposes of calculating state aid pursuant to section 163.031, for any district which has not enacted a voluntary tax rate rollback nor increased the amount of a voluntary tax rate rollback from the previous year's amount, the

tax rate used to determine a district's entitlement shall be adjusted so that any decrease in the entitlement due to a decrease in the tax rate resulting from the reassessment shall equal the decrease in the deduction for the assessed valuation of the district as a result of the change in the tax rate due to reassessment. The tax rate adjustments required under this subdivision due to reassessment shall be cumulative and shall be applied each year to determine the tax rate used to calculate the entitlement; except that whenever the actual current operating levy exceeds the tax rate calculated pursuant to this subdivision for the purpose of determining the district's entitlement, then the prior tax rate adjustments required under this subdivision due to reassessment shall be eliminated and shall not be applied in determining the tax rate used to calculate the district entitlement;

[(10)] **(14)** "School purposes" pertains to teachers and incidental funds;

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

(12) "Adjusted operating levy", the sum of tax rates for the current year for teachers and incidental funds for a school district as reported to the proper officer of each county pursuant to section 164.011, RSMo;

(13) "Current operating costs", all expenditures for instruction and support services excluding capital outlay and debt service expenditures less the revenue from federal categorical sources, food service, student activities and payments from other districts].

163.100. 1. A school district shall be eligible for state aid pursuant to this section for the current payment year if the district satisfies all of the following criteria:

(1) The district had, in comparison to statewide averages, higher security costs and higher student mobility rate for the preceding school year;

(2) The district had a fraction of total enrollment eligible for free or reduced price lunch of at least forty percent during the preceding school year; and

(3) The district was subject to a federal court desegregation order on the effective date of this section and a final judgment as to the state of Missouri and its officials has been entered in the case which subjects the school district to the federal court's jurisdiction and such final judgment was in full effect with regard to the state of Missouri and its officials during the preceding school year.

2. Each district meeting all of the qualifications established in subsection 1 of this section shall receive, subject to appropriation, an amount equal to the greater of zero or the difference of the quotient of the district's current operating levy for school purposes divided by the district's operating levy for school purposes on the effective

date of this section times one thousand dollars per eligible pupil, as defined in section 163.011, RSMo, minus court-ordered state desegregation aid for operating purposes times a proration factor established in subsection 3 of this section; except that, beginning with the first fiscal year in which public school choice incentive payments are no longer eligible to be provided in a program area pursuant to subsection 6 of section 162.1060, RSMo, a district in a city not within a county shall receive a payment pursuant to this subsection based upon the sum of the district's eligible pupil count and the total number of pupils resident in the district and attending school in other districts in the program area.

3. The proration factor used in subsection 2 of this section shall be the quotient of the amount of the current year appropriation for such payments divided by the amount of the unprorated eligible payments for the current year.

4. For the purposes of this section, "final judgment" shall only include a judgment which disposes of all claims involving the state of Missouri and its officials and for which final disposition of all appeals has been rendered.

163.105. 1. A school district shall be eligible for state aid pursuant to this section for the current payment year if the district satisfies all of the following criteria:

(1) The district had, for the preceding school year, a student body with the following characteristics: concentrations of poverty, high security risks, high student mobility rate and an underserved need for early childhood education, Parents as Teachers programs and counseling on social and family issues;

(2) The district's current operating levy for school purposes is no less than three dollars and seventy-five cents per hundred dollars assessed valuation;

(3) The district's fraction of enrollment of students eligible for free or reduced price lunch is equal to or greater than the statewide average for at least one of the three preceding school years; and

(4) The district is located in a county where at least seventy percent of the school districts in the county were subject to a federal court school desegregation decree or order on the effective date of this section, provided that this subdivision shall not be construed to refer to districts eligible for aid pursuant to section 163.100 of this act.

2. Each district satisfying the qualifications established in subsection 1 of this section shall receive, subject to appropriation, an amount equal to one thousand dollars for each pupil eligible for free or reduced price lunch times a proration factor established in subsection 3 of this section.

3. The proration factor used in subsection 2 of this section shall be the quotient of the amount of the current year appropriation for such payments divided by the amount of the unprorated eligible payments for the current year.

166.275. **1. Any amount of the difference by which the total amount appropriated by the state to school districts, in accordance with a judgment or order based on the equal protection clause of the fourteenth amendment to the Constitution of the United States, for fiscal year 1997 is less than the amount appropriated for the same purpose in fiscal year 1994 in addition to any unexpended appropriation for the 1996 fiscal year that results in additional unobligated resources for the state in fiscal year 1997 shall be transferred to the state school moneys fund and distributed in the manner provided in section 163.031, RSMo.**

2. If the total amount appropriated by the state to school districts, in accordance with a judgment or order based on the equal protection clause of the fourteenth amendment to the Constitution of the United States, for fiscal year [1996] 1998 or any subsequent fiscal year is less than the amount appropriated for the same purpose in fiscal year [1994] 1997, any amount of the difference, in addition to any unexpended appropriation for the prior fiscal year that results in additional unobligated resources for the state beginning in fiscal year [1997, necessary to fund the district entitlements under section 163.031, RSMo, with a district entitlement proration factor no less than one, shall be transferred to the state school moneys fund and distributed in the manner provided in section 163.031, RSMo] 1998 shall be distributed as follows:

(1) Up to the first seventy-five million dollars, or such lesser amount determined by appropriation to be sufficient to fully fund district entitlements pursuant to section 163.031, RSMo, with a proration factor no less than one, of such funds shall be transferred to the state school moneys fund and used to fund district entitlements pursuant to line 1 of subsection 6 of section 163.031, RSMo; and

(2) After distributing funds pursuant to subdivision (1) of this subsection, remaining funds shall be transferred to fully fund prorated increases in appropriations for the following programs in the following order and not in excess of the following amounts: thirty-three million dollars for the transportation categorical aid provided pursuant to line 11 of subsection 6 of section 163.031, RSMo, nineteen million dollars for the vocational education categorical aid provided pursuant to line 16 of subsection 6 of section 163.031, RSMo, sixty-seven million dollars for the special education categorical aid provided pursuant to line 12 of subsection 6 of section 163.031, RSMo, three and one-half million dollars for the gifted education categorical aid provided pursuant to line 13 of subsection 6 of section 163.031, RSMo, three and one-half million dollars for remedial reading categorical aid and eleven million dollars for reimbursement of school district costs of implementation of the assessments established pursuant to section 160.522, RSMo, provided that the amounts transferred pursuant to this subdivision shall be prorated at one-third for fiscal year 1999, two-thirds for fiscal year 2000 and the full amounts for fiscal year 2001 and thereafter; and

(3) After distributing funds pursuant to subdivisions (1) and (2) of this

subsection, remaining funds shall be distributed to fund eligible payments pursuant to sections 163.100 and 163.105 of this act.

168.221. 1. The first three years of employment of all teachers [and principals] entering the employment of the metropolitan school district shall be deemed a period of probation during which period all appointments of teachers [and principals] shall expire at the end of each school year. During the probationary period any probationary teacher [or principal] whose work is unsatisfactory shall be furnished by the superintendent of schools with a written statement setting forth the nature of his incompetency. If improvement satisfactory to the superintendent is not made within one semester after the receipt of the statement, the probationary teacher [or principal] shall be dismissed. The semester granted the probationary teacher [or principal] in which to improve shall not in any case be a means of prolonging the probationary period beyond three years and six months from the date on which the teacher [or principal] entered the employ of the board of education. The superintendent of schools on or before the fifteenth day of April in each year shall notify probationary teachers [or principals] who will not be retained by the school district of the termination of their services. Any probationary teacher [or principal] who is not so notified shall be deemed to have been appointed for the next school year.

2. After completion of satisfactory probationary services, appointments of teachers [and principals] shall become permanent, subject to removal for any one or more causes herein described and to the right of the board to terminate the services of all who attain the age of compulsory retirement fixed by the retirement system. In determining the duration of the probationary period of employment in this section specified, the time of service rendered as a substitute teacher or substitute principal shall not be included.

3. No teacher [or principal] whose appointment has become permanent may be removed except for one or more of the following causes: Immorality, inefficiency in line of duty, violation of the published regulations of the school district, violation of the laws of Missouri governing the public schools of the state, or physical or mental condition which incapacitates him for instructing or associating with children, and then only by a vote of not less than a majority of all the members of the board, upon written charges presented by the superintendent of schools, to be heard by the board after thirty days' notice, with copy of the charges served upon the person against whom they are preferred, who shall have the privilege of being present, together with counsel, offering evidence and making defense thereto. Notifications received by an employee during a vacation period shall be considered as received on the first day of the school term following. At the request of any person so charged the hearing shall be public. The action and decision of the board upon the charges shall be final. Pending the hearing of the charges, the person charged may be suspended if the rules of the board so prescribe, but in the event the board does not by a majority vote of all the members remove the teacher [or principal] upon charges presented by the superintendent, the person shall not suffer any loss of salary by reason of the

suspension. Inefficiency in line of duty is cause for dismissal only after the teacher or principal has been notified in writing at least one semester prior to the presentment of charges against him by the superintendent. The notification shall specify the nature of the inefficiency with such particularity as to enable the teacher or principal to be informed of the nature of his inefficiency.

4. No teacher [or principal] whose appointment has become permanent shall be demoted nor shall his salary be reduced unless the same procedure is followed as herein stated for the removal of the teacher [or principal] because of inefficiency in line of duty, and any teacher [or principal] whose salary is reduced or who is demoted may waive the presentment of charges against him by the superintendent and a hearing thereon by the board. The foregoing provision shall apply only to permanent teachers [and principals] prior to the compulsory retirement age under the retirement system. Nothing herein contained shall in any way restrict or limit the power of the board of education to make reductions in the number of teachers or principals, or both, because of insufficient funds, decrease in pupil enrollment, or abolition of particular subjects or courses of instruction, except that the abolition of particular subjects or courses of instruction shall not cause those teachers who have been teaching the subjects or giving the courses of instruction to be placed on leave of absence as herein provided who are qualified to teach other subjects or courses of instruction, if positions are available for the teachers in the other subjects or courses of instruction.

5. Whenever it is necessary to decrease the number of teachers [or principals, or both,] because of insufficient funds or a substantial decrease of pupil population within the school district, the board of education upon recommendation of the superintendent of schools may cause the necessary number of teachers [or principals, or both,] beginning with those serving probationary periods, to be placed on leave of absence without pay, but only in the inverse order of their appointment. Nothing herein stated shall prevent a readjustment by the board of education of existing salary schedules. No teacher [or principal] placed on a leave of absence shall be precluded from securing other employment during the period of the leave of absence. Each teacher [or principal] placed on leave of absence shall be reinstated in inverse order of his placement on leave of absence. Such reemployment shall not result in a loss of status or credit for previous years of service. No new appointments shall be made while there are available teachers [or principals] on leave of absence who are seventy years of age or less and who are adequately qualified to fill the vacancy unless the teachers [or principals] fail to advise the superintendent of schools within thirty days from the date of notification by the superintendent of schools that positions are available to them that they will return to employment and will assume the duties of the position to which appointed not later than the beginning of the school year next following the date of the notice by the superintendent of schools.

6. If any regulation which deals with the promotion of [either] teachers [or principals, or both,] is amended by increasing the qualifications necessary to be met before a teacher [or

principal] is eligible for promotion, the amendment shall fix an effective date which shall allow a reasonable length of time within which teachers [or principals] may become qualified for promotion under the regulations.

7. A principal shall serve in that role at the pleasure of the superintendent of schools. If a principal is removed from that position, he shall retain the tenure rights of a teacher as provided by this section.

353.200. Notwithstanding any other provisions of law to the contrary, no tax abatement or exemption shall become effective pursuant to the provisions of this chapter in a city not within a county unless and until:

(1) The governing body of the city makes a determination as to the amount of total revenue for the city, including, but not limited to, tax revenue from all sources, which will be generated by the project of the urban redevelopment corporation of which the real property at issue is a part; and

(2) The city pays to the board of education of the city an amount equal to fifty percent of such total revenue amount which shall be placed, at the district's discretion, in any of the funds established pursuant to section 165.011, RSMo, provided that any such revenues placed for operating purposes shall be deducted as payments in lieu of taxes received for operating purposes pursuant to line 3 of the state school aid formula established in subsection 6 of section 163.031, RSMo.

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