

SECOND REGULAR SESSION

# SENATE BILL NO. 969

89TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCOTT

Read 1st time February 26, 1998, and 1,000 copies ordered printed.

TERRY L. SPIELER, Secretary.

S3990.011

## AN ACT

To repeal sections 163.011 and 163.031, RSMo Supp. 1997, relating to public schools, and to enact in lieu thereof three new sections relating to the same subject.

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

Section A. Sections 163.011 and 163.031, RSMo Supp. 1997, are repealed and three new sections enacted in lieu thereof, to be known as sections 162.1060, 163.011 and 163.031, to read as follows:

**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 order, decree, or agreement is entered in a federal desegregation case.**

**2. The program shall be administered by a governing council which shall consist of the superintendent 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 in the district's attendance zone. 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, shall have the right to continue to enroll in their district of attendance at the time a final judgment is entered by a federal court in a desegregation case.**

**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**

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

**districts within the remainder of the program area. The council shall consider the racial composition of each school district in establishing the zones, and the zones shall be created to foster integration and promote racially balanced schools. 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. Once the zones are created, any individual or district who believes that the zones do not foster integration may request that the state board of education review the zones to insure that they comply with the provisions of this section, and the state board may modify the zones to insure such compliance.**

**4. 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 section 148.360, RSMo, section 149.015, RSMo, and sections 163.031 and 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 section 151.150, RSMo, and section 153.030, RSMo, and for all other purposes of law.**

**5. In addition to any funds received pursuant to subsection 4 of this section, for a student residing in a city not within a county and attending school in another district, the district where such student resides shall receive an additional payment paid by the department of elementary and secondary education equal to one-half of the district's state aid for each student. The district where the student attends school shall receive a public school choice incentive payment paid by the department of elementary and secondary education. The annual amount of such public school choice incentive payment to the district where the student attends school shall be the cost of education per pupil for the district attended minus the per pupil total of all funds received by the district attended pursuant to section 148.360, RSMo, section 149.015, RSMo, section 151.150, RSMo, and sections 163.030, 163.031 and 163.087, RSMo, on the basis of that student's attendance.**

**6. For all students participating in the program, the school district where the student attends school shall provide transportation to such student attending school in that district on the same basis that it provides transportation to students residing in the district. The district shall receive state transportation aid pursuant to this subsection for reimbursement of one hundred percent of the district's costs to provide transportation to such pupils for each student in the district's attendance zone.**

**7. Any district within a city not within a county may continue to operate and**

**maintain magnet schools designed to foster an integrated educational experience. The district shall receive additional state aid per pupil in an amount equal to the costs of educating students attending magnet schools which exceed the district's average per pupil expenditure, for up to sixteen thousand students.**

**8. For any school district within a city not within a county which experiences an increase in student population as a result of the final judgment referred to in subsection 1 of this section, or resulting from the termination of the urban public school choice program established under this section, such school district shall be entitled to state aid for the funding of capital improvements in the district to accommodate returning students. Such district shall submit a plan to the state department of elementary and secondary education regarding the costs of such capital improvements, and the department and district shall agree upon the amount of funding necessary for capital improvements to be provided by the state to the district. If no agreement is reached, the parties shall select a mutually acceptable arbitrator to rule on the disputed issues, whose decision shall be final.**

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) "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;

(3) "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) "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] **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 summer school pupils were enrolled by the number of hours required pursuant to section 160.011, RSMo, in the school term;**

(5) "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;

(6) "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;

(7) "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) ["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) "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;

**(9) "Qualified aid to dependent children recipients" are resident children five years of age or older and under eighteen years of age who were enrolled in the public schools the previous September and for whom aid to dependent children was allowed as certified by the division of family services;**

(10) "School purposes" pertains to teachers and incidental funds;

(11) "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.

163.031. 1. School districts which meet the requirements of section 163.021 shall be entitled to an amount computed as follows: an amount determined by multiplying the number of eligible pupils by the district's equalized operating levy for school purposes as defined in section 163.011 multiplied by the guaranteed tax base per eligible pupil times the proration factor. For the purposes of this section, the proration factor shall be equal to the sum of the total appropriation for distribution under subsections 1 and 2 of this section; and the state total of the deductions as calculated in subsection 2 of this section which do not exceed the district entitlements as adjusted by the same proration factor; divided by the amount of the state total of district entitlements before proration as calculated pursuant to this subsection.

2. From the district entitlement for each district there shall be deducted the following amounts: an amount determined by multiplying the district equalized assessed valuation by the district's equalized operating levy for school purposes times the district income factor plus ninety percent of any payment received the current year of protested taxes due in prior years no earlier than the 1997 tax year minus the amount of any protested taxes due in the current year and for which notice of protest was received during the current year; [one hundred percent of the amount received the previous year for school purposes from intangible taxes, fines, forfeitures and escheats, payments in lieu of taxes and receipts from state assessed railroad and utility tax, except that any penalty paid after July 1, 1995, by a concentrated animal feeding operation as defined by the department of natural resources rule shall not be included;] one hundred percent of the amounts received the previous year for school purposes from federal properties pursuant to sections 12.070 and 12.080, RSMo; federal impact aid received the previous year for school purposes pursuant to P.L. 81-874 less fifty thousand dollars multiplied by ninety percent or the maximum percentage allowed by federal regulation if that percentage is less than ninety; fifty percent, or the percentage otherwise provided in section 163.087, of Proposition C revenues received the previous year for school purposes from the school district trust fund pursuant to section 163.087; one hundred percent of the amount received the previous year for school purposes from the fair share fund pursuant to section 149.015, RSMo; and one hundred percent of the amount received the previous year for school purposes from the free textbook fund, pursuant to section 148.360, RSMo.

3. School districts which meet the requirements of section 163.021 shall receive categorical add-on revenue as provided in this subsection. There shall be individual proration factors for each

categorical entitlement provided for in this subsection, and each proration factor shall be determined by annual appropriations, but no categorical proration factor shall exceed the entitlement proration factor established pursuant to subsection 1 of this section, except that the vocational education entitlement proration factor established pursuant to line 16 of subsection 6 of this section and the educational and screening program entitlements proration factor established pursuant to line 17 of subsection 6 of this section may exceed the entitlement proration factor established pursuant to subsection 1 of this section. The categorical add-on for the district shall be the sum of: seventy-five percent of the district allowable transportation costs pursuant to section 163.161 multiplied by the proration factor; the special education approved or allowed cost entitlement for the district, provided for by section 162.975, RSMo, multiplied by the proration factor; seventy-five percent of the district gifted education approved or allowable cost entitlement as determined pursuant to section 162.975, RSMo, multiplied by the proration factor; the free and reduced lunch eligible pupil count for the district, as defined in section 163.011[, multiplied by twenty percent] times the guaranteed tax base per eligible pupil times the minimum value for an operating levy for school purposes as provided in section 163.011 times the proration factor; the career ladder entitlement for the district, as provided for in sections 168.500 to 168.515, RSMo, multiplied by the proration factor; the vocational education entitlement for the district, as provided for in section 167.332, RSMo, multiplied by the proration factor [and]; the district educational and screening program entitlements as provided for in sections 178.691 to 178.699, RSMo, times the proration factor **and the qualified aid to dependent children recipients for the district, as defined in section 163.011, multiplied by fifty percent times the guaranteed tax base per eligible pupil times the minimum value for an operating levy for school purposes required pursuant to subsection 2 of section 163.021 times the proration factor.**

4. Each district's apportionment shall be the prorated categorical add-ons plus the greater of the district's prorated entitlement minus the total deductions for the district or zero.

5. (1) In the 1993-94 school year and all subsequent school years, pursuant to section 10(c) of article X of the state constitution, a school district shall adjust upward its operating levy for school purposes to the extent necessary for the district to at least maintain the current operating expenditures per pupil received by the district from all sources in the 1992-93 school year, except that its operating levy for school purposes shall not exceed the highest tax rate in effect subsequent to the 1980 tax year, or the minimum rate required by subsection 2 of section 163.021, whichever is less.

(2) Beginning with the 1993-94 school year, the revenue per eligible pupil received by a district from the following sources: line 1 minus line 10, or zero if line 1 minus line 10 is less than zero, plus line 14 of subsection 6 of this section; plus the product of the current assessed valuation of the district multiplied by the following tax rate - the greater of zero or the minimum rate



required by subsection 2 of section 163.021 minus the district's equalized operating levy for school purposes for 1993, shall not be less than the revenue per eligible pupil received by a district in the 1992-93 school year from the foundation formula entitlement payment amount. The department of elementary and secondary education shall make an addition in the payment amount of line 19 of subsection 6 of this section to assure compliance with the provisions contained in this section.

(3) For any school district which meets the eligibility criteria for state aid as established in section 163.021, but which under subsections 1 to 4 of this section, receives no state aid for two successive school years, other than categorical add-ons, by August first following the second such school year, the commissioner of education shall present a plan to the superintendent of the school district for the waiver of rules and the duration of said waivers, in order to promote flexibility in the operations of the district and to enhance and encourage efficiency in the delivery of instructional services. The provisions of other law to the contrary notwithstanding, the plan presented to the superintendent shall provide a summary waiver, with no conditions, for the pupil testing requirements pursuant to section 160.257, RSMo. Further, the provisions of other law to the contrary notwithstanding, the plan shall detail a means for the waiver of requirements otherwise imposed on the school district related to the authority of the state board of education to classify school districts pursuant to section 161.092, RSMo, and such other rules as determined by the commissioner of education, except that such waivers shall not include the provisions established pursuant to sections 160.514 and 160.518, RSMo.

(4) In the 1993-94 school year and each school year thereafter for two years, those districts which are entitled to receive state aid under subsections 1 to 4 of this section, shall receive state aid in an amount per eligible pupil as provided in this subsection. For the 1993-94 school year, the amount per eligible pupil shall be twenty-five percent of the amount of state aid per eligible pupil calculated for the district for the 1993-94 school year pursuant to subsections 1 to 4 of this section plus seventy-five percent of the total amount of state aid received by the district from all sources for the 1992-93 school year for which the district is entitled and which are distributed in the 1993-94 school year pursuant to subsections 1 to 4 of this section. For the 1994-95 school year, the amount per eligible pupil shall be fifty percent of the amount of state aid per eligible pupil calculated for the district for the 1994-95 school year pursuant to subsections 1 to 4 of this section plus fifty percent of the total amount of state aid received by the district from all sources for the 1992-93 school year for which the district is entitled and which are distributed in the 1994-95 school year pursuant to subsections 1 to 4 of this section. For the 1995-96 school year, the amount of state aid per eligible pupil shall be seventy-five percent of the amount of state aid per eligible pupil calculated for the district for the 1995-96 school year pursuant to subsections 1 to 4 of this section plus twenty-five percent of the total amount of state aid received by the district from all sources for the 1992-93 school year for which the district is entitled and which are distributed in the 1995-96 school year pursuant to subsections 1 to 4 of this section. Nothing in this subdivision

shall be construed to limit the authority of a school district to raise its district operating levy pursuant to subdivision (1) of this subsection.

(5) If the total of state aid apportionments to all districts pursuant to subdivision (3) of this subsection is less than the total of state aid apportionments calculated pursuant to subsections 1 to 4 of this section, then the difference shall be deposited in the outstanding schools trust fund. If the total of state aid apportionments to all districts pursuant to subdivision (1) of this subsection is greater than the total of state aid apportionments calculated pursuant to subsections 1 to 4 of this section, then funds shall be transferred from the outstanding schools trust fund to the state school moneys fund to the extent necessary to fund the district entitlements as modified by subdivision (4) of this subsection for that school year with a district entitlement proration factor no less than one and such transfer shall be given priority over all other uses for the outstanding schools trust fund as otherwise provided by law.

6. State aid shall be determined as follows:

District Entitlement

1. Number of eligible pupils x (district's equalized operating levy for school purposes) x (proration x GTB per EP) ..... \$.....

Deductions

2. District equalized assessed valuation x district income factor x district's equalized operating levy for school purposes plus ninety percent of any payment received the current year of protested taxes due in prior years no earlier than the 1997 tax year minus the amount of any protested taxes due in the current year and for which notice of protest was received during the current year ..... \$.....

3. [Intangible taxes, fines, forfeitures, escheats, payments in lieu of taxes, etc. (100% of the amount received the previous year for school purposes) ..... \$.....

4.] Receipts from state assessed railroad and utility tax (100% of the amount received the previous year for school purposes) ..... \$.....

[5.] 4. Receipts from federal properties pursuant to sections 12.070 and 12.080, RSMo

(100% of the amount received the previous year for school purposes) ..... \$.....

[6.] **5.** (Federal impact aid received the previous year for school purposes pursuant to P.L. 81-874 less \$50,000) x 90% or the maximum percentage allowed by federal regulations if less than 90% ..... \$.....

[7.] **6.** Fifty percent or the percentage otherwise provided in section 163.087 of Proposition C receipts from the school district trust fund received the previous year for school purposes pursuant to section 163.087 ..... \$.....

[8.] **7.** One hundred percent of the amount received the previous year for school purposes from the fair share fund pursuant to section 149.015, RSMo ..... \$.....

[9.] **8.** One hundred percent of the amount received the previous year for school purposes from the free textbook fund pursuant to section 148.360, RSMo ..... \$.....

[10.] **9.** Total deductions (sum of lines 2-[9] **8**) ..... \$.....

Categorical Add-ons

[11.] **10.** The amount distributed pursuant to section 163.161 x proration ..... \$.....

[12.] **11.** Special education approved or allowed cost entitlement for the district pursuant to section 162.975, RSMo, x proration ..... \$.....

[13.] **12.** Seventy-five percent of the gifted education approved or allowable cost entitlement as determined pursuant to section 162.975, RSMo, x proration ..... \$.....

[14.] **13.** Free and reduced lunch eligible pupil count for the district, as defined in section 163.011, x [.20 x] GTB per EP x the minimum value for an operating levy for school purposes as provided

- in section 163.011 x proration ..... \$.....
- [15.] **14.** Career ladder entitlement for the district  
as provided in sections 168.500 to  
168.515, RSMo, x proration ..... \$.....
- [16.] **15.** Vocational education entitlements for the  
district as provided in section 167.332,  
RSMo, x proration ..... \$.....
- [17.] **16.** Educational and screening program  
entitlements for the district as provided in  
sections 178.691 to 178.699, RSMo, x  
proration ..... \$.....
- 17. Qualified aid to dependent children  
recipients for the district, as  
defined in section 163.011,  
RSMo x .50 x GTB per EP x the minimum  
value for an operating levy for school  
purposes required pursuant to section  
163.021 x proration ..... \$.....**
18. Sum of categorical add-ons for the district  
(sum of lines 11-17) ..... \$.....
19. District apportionment (line 18 plus the  
greater of line 1 minus line 10 or zero) ..... \$.....

7. Revenue received for school purposes by each school district pursuant to this section shall be placed in each of the incidental and teachers' funds based on the ratio of the property tax rate in the district for that fund to the total tax rate in the district for the two funds.

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