

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

SENATE BILL NO. 781

89TH GENERAL ASSEMBLY

1998

S2966.23T

AN ACT

To repeal sections 160.526, 160.538, 161.527, 162.081, 162.571, 162.581, 162.601, 162.621, 162.935, 163.161, 166.260 and 168.221, RSMo 1994, and sections 160.011, 163.011, 163.021, 163.031, 165.011, 165.016, 166.275, 170.250 and 178.930, RSMo Supp. 1997, relating to education, and to enact in lieu thereof thirty-nine new sections relating to the same subject, with a contingent effective date for certain sections.

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

Section A. Sections 160.526, 160.538, 161.527, 162.081, 162.571, 162.581, 162.601, 162.621, 162.935, 163.161, 166.260 and 168.221, RSMo 1994, and sections 160.011, 163.011, 163.021, 163.031, 165.011, 165.016, 166.275, 170.250 and 178.930, RSMo Supp. 1997, are repealed and thirty-nine new sections enacted in lieu thereof, to be known as sections 135.348, 160.011, 160.526, 160.538, 160.540, 160.542, 161.220, 161.527, 162.081, 162.571, 162.581, 162.601, 162.621, 162.626, 162.935, 162.1060, 162.1100, 163.011, 163.021, 163.031, 163.161, 165.011, 165.016, 165.122, 166.260, 166.275, 168.221, 168.231, 170.250, 178.930, 1, 2, 3, 4, 5, 6, 7, 8 and 9, to read as follows:

135.348. 1. As used in this section, the following terms mean:

(1) "Approved program", a sponsorship and mentoring program established pursuant to this section and approved by the department of elementary and secondary

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

education;

(2) "Eligible student", a resident pupil of a school district who is determined by the local school board to be eligible to participate in a sponsorship and mentoring program pursuant to this section and who participates in such program for no less than eight calendar months in the tax year for which a return is filed claiming a credit authorized in this section;

(3) "Net expenditures", only those amounts paid or incurred for the participation of an eligible student participating in an approved sponsorship and mentoring program less any amounts received by the qualified taxpayer from any source for the provision of a sponsorship and mentoring program for an eligible student;

(4) "Qualified taxpayer", an employer who makes expenditures pursuant to this section.

2. For taxable years commencing on or after January 1, 1998, a qualified taxpayer shall be allowed a credit against the tax imposed by chapter 143, RSMo, exclusive of the provisions relating to the withholding of tax as provided in sections 143.191 to 143.265, RSMo, to the extent of the lesser of two thousand dollars times the number of eligible students for which the qualified taxpayer is allowed a credit pursuant to this section or the net expenditures made directly or through a fund during a taxable year by the qualified taxpayer for the participation of an eligible student in an approved sponsorship and mentoring program established pursuant to this section. No credit shall be allowed for any amounts for which any other credit is claimed or allowed under any other provision of state law for the same net expenditures.

3. The tax credit allowed by this section shall be claimed by the qualified taxpayer at the time such taxpayer files a return and shall be applied against the income tax liability imposed by chapter 143, RSMo, after all other credits provided by law have been applied. Where the amount of the credit exceeds the tax liability, the difference between the credit and the tax liability shall not be refundable but may be carried forward to any of the taxpayer's four subsequent taxable years.

4. The department of elementary and secondary education shall establish, by rule, guidelines and criteria for approval of sponsorship and mentoring programs established by school districts and for determining the eligibility of students for participation in sponsorship and mentoring programs established pursuant to this section. Such determinations for eligibility of students shall be based upon a definition of an at-risk student as established by the department by rule.

5. A local school board may establish a sponsorship and mentoring program and apply to the department of elementary and secondary education for approval of such program. A tax credit may only be received pursuant to this section for expenditures

for sponsorship and mentoring programs approved by the department. The school board of each district which has an approved program shall annually certify to the department of elementary and secondary education the number of eligible students participating in the program. The principal of any school in a district which has an approved program may recommend, to the local school board, those students who do not meet the definition of "at-risk" students established pursuant to this section, and the school board may submit the names of such students and the circumstances which justify the student's participation in an approved program to the department of elementary and secondary education for approval of such student's participation. If approved by the department, such students shall be considered eligible students for participation in an approved program.

6. The department of elementary and secondary education shall provide written notification to the department of revenue of each eligible student participating in an approved program pursuant to this section, the student's school district, the name of the qualified taxpayer approved to receive a tax credit on the basis of such eligible student's participation in an approved program pursuant to this section and the amount of such credit as determined in subsection 2 of this section. This section is subject to appropriations.

160.011. As used in chapters 160, 161, 162, 163, 164, 165, 167, 168, 170, 171, 177 and 178, RSMo, the following terms mean:

(1) "District" or "school district", when used alone, may include seven-director, urban, and metropolitan school districts;

(2) "Elementary school", a public school giving instruction in a grade or grades not higher than the eighth grade;

(3) **"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;**

(4) "High school", a public school giving instruction in a grade or grades not lower than the ninth nor higher than the twelfth grade;

[(4)] (5) "Metropolitan school district", any school district the boundaries of which are coterminous with the limits of any city which is not within a county;

[(5)] (6) "Public school" includes all elementary and high schools operated at public expense;

[(6)] (7) "School board", the board of education having general control of the property and affairs of any school district;

[(7)] **(8)** "School term", a minimum of one hundred seventy-four school days, as that term is defined in section 160.041, and one thousand forty-four hours of actual pupil attendance as scheduled by the board pursuant to section 171.031, RSMo, during a twelve-month period in which the academic instruction of pupils is actually and regularly carried on for a group of students in the public schools of any school district. A "school term" may be within a school year or may consist of parts of two consecutive school years, but does not include summer school. A district may choose to operate two or more terms for different groups of children;

[(8)] **(9)** "Secretary", the secretary of the board of a school district;

[(9)] **(10)** "Seven-director district", any school district which has seven directors and includes urban districts regardless of the number of directors an urban district may have unless otherwise provided by law;

[(10)] **(11)** "Taxpayer", any individual who has paid taxes to the state or any subdivision thereof within the immediately preceding twelve-month period or the spouse of such individual;

[(11)] **(12)** "Town", any town or village, whether or not incorporated, the plat of which has been filed in the office of the recorder of deeds of the county in which it is situated;

[(12)] **(13)** "Urban school district", any district which includes more than half of the population or land area of any city which has not less than seventy thousand inhabitants, other than a city which is not within a county.

160.526. 1. In establishing the academic standards authorized by subsection 1 of section 160.514 and the statewide assessment system authorized by subsection 1 of section 160.518, the state board of education shall consider the work that has been done by other states, recognized regional and national experts, professional education discipline-based associations and other professional education associations. Further, in establishing the academic standards and statewide assessment system, the state board of education shall adopt the work that has been done by consortia of other states and, subject to appropriations, may contract with such consortia to implement the provisions of sections 160.514 and 160.518.

2. The state board of education shall, by contract enlist the assistance of such national experts, as approved by the commission established pursuant to section 160.510, to receive reports, advice and counsel on a regular basis pertaining to the validity and reliability of the statewide assessment system. The reports from such experts shall be received by the commission, which shall make a final determination concerning the reliability and validity of the statewide assessment system. Within six months prior to implementation of the statewide assessment system, the commissioner of education shall inform the president pro tempore of the senate and the speaker of the house about the procedures to implement the assessment system, including a report related to the reliability and validity of the assessment instruments, and the general assembly may, within the next **[thirty] sixty** legislative days, veto such implementation by concurrent resolution adopted by majority vote of both the senate and the house of representatives.

3. The commissioner of education shall establish a procedure for the state board of education to regularly receive advice and counsel from professional educators at all levels in the state, district boards of education, parents, representatives from business and industry, and labor and community leaders pertaining to the implementation of sections 160.514 and 160.518. The procedure shall include, at a minimum, the appointment of ad hoc committees and shall be in addition to the advice and counsel obtained from the commission pursuant to section 160.510.

160.538. 1. By July 1, 1996, the state board of education shall develop a procedure and 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. **Teachers who have retired within five years of the appointment may be included in the classroom teacher component of the team.** 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) Conduct a recall election for each member of the district school board[, suspension of];

(b) Suspend 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;

(c) Require that the district develop a plan for the recruitment and retention of high quality teachers and administrators within the district; or

(d) Appoint a school accountability council to monitor one or more school buildings in the district.

(6) 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)] (7) 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)] (6)** 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. (1) If the management team so recommends pursuant to subdivision (5) of subsection 2 of this section, a district board of education may appoint a school accountability council for one or more buildings within the district.

(2) The school accountability council may monitor implementation of an instructional resource reallocation plan within the areas of deficiency identified by the state board of education.

(3) The school accountability council shall consist of seven members, with no fewer than four members being the parent or guardian of a student currently enrolled in the school building.

(4) If the district board of education fails to appoint a school accountability council pursuant to this subsection, then the state board of education may appoint the council.

6. An instructional resource reallocation plan for any school building shall provide for the focusing of any discretionary local, state or federal funds available to

the school on the areas of academic deficiency. The instructional resource reallocation plan shall address:

(1) Instruction in math and reading/communication arts if performance by students in those areas under the assessment system developed pursuant to section 160.518 is such that the percentage of the subject school's students scoring at step 1 of the assessment scale is at least twice the percentage of students statewide scoring at step 1 of the assessment scale;

(2) Professional development to improve instruction in the areas of academic deficiency or in areas where the number of certificated staff teaching one or more classes outside of their area of certification results in ten percent or more of the students within the school building being taught by teachers outside their areas of certification;

(3) Special education and related services and the level of integration of children with disabilities within the regular education curriculum where the percentage of students eligible to receive services under the Individuals With Disabilities Education Act and scoring at step 1 of the assessment scale of the assessment system developed pursuant to section 160.518 is at least twice the percentage of students statewide who are eligible to receive services under the Individuals With Disabilities Education Act and who score at step 1 of the assessment scale;

(4) Any waivers required for implementation of the plan to be requested on behalf of the district from the state board of education.

7. The school accountability council shall report annually to the state board of education with regard to the implementation of the instructional resources reallocation plan until such time as the academic deficiencies are addressed.

8. Notwithstanding any other provision of law to the contrary, any district which has one or more buildings declared academically deficient shall provide summer school programming to any student making application in those areas identified as an area of concern by the school audit team pursuant to subsection 2 of this section.

9. (1) Subject to appropriation, the state board of education may establish a program of financial aid for prospective teachers to assist schools identified as academically deficient.

(2) This program may include tuition reimbursement for current teachers and student loan forgiveness for new teachers employed within the district based upon their term of service in the district.

(3) Financial aid shall be provided in those areas of instruction where certificated staff are teaching one or more classes outside of their area of certification.

160.540. 1. In any school district whose graduation rate, as defined in section 160.011, is below sixty-five percent, the district school board shall determine which

schools in the district meet the criteria set forth pursuant to section 160.538 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. 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.

2. In any school district subject to the provisions of subsection 1 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, RSMo. 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, the speaker of the house of representatives and the president pro tempore of the senate.

5. No rule or portion of a rule promulgated pursuant to the authority of this section shall become effective unless it has been promulgated pursuant to the provisions of chapter 536, RSMo.

161.220. Beginning December 15, 1999, and annually by that date in each following year, the state board of education shall report to the general assembly on the retention and recruitment of teachers in the state's schools. The report shall include, but not be limited to, information on the numbers of teachers entering and leaving employment in the public schools of the state, analysis of the issues affecting teacher recruitment, including the need for identifying African-American and other minority students, including males, who show potential or interest in becoming a teacher, recruiting such students as prospective teachers, and methods for providing financial aid to such students, and suggestions for meeting predicted needs of numbers of teachers and in areas of certification.

161.527. 1. If a school district, **which has an assessed valuation per eligible pupil equal to or less than the state average assessed valuation per eligible pupil**, has transmitted by July fifteenth to the department of elementary and secondary education the report required by section 162.821, RSMo, and such school district has received a notice pursuant to section 161.525, such school district is not required to reduce its operating levy pursuant to section 164.013, RSMo, when the district next determines its tax rate in accordance with the provisions of section 164.011, RSMo. **The state average assessed valuation per eligible pupil used in this section shall be the state average used to calculate the guaranteed tax base for the**

state aid formula for the year the district's tax is not lowered. The district assessed valuation shall be the assessed valuation used in the calculation of the state aid formula for the year the district's tax is not lowered. However, if a school district does not reduce its operating levy as permitted in this subsection, the school district shall not in the current and next school year increase:

- (1) Its administrative costs; or
- (2) The aggregate amount of funds paid for salaries of employees of the district.

2. The restrictions on increasing administrative costs and funds paid for salaries as provided for in subsection 1 of this section shall continue in the district for each subsequent school year until combined balances in the teachers' and incidental funds at the end of a fiscal year are equal to or exceed three percent of the amount expended from the funds during the previous fiscal year as determined by the department of elementary and secondary education. Such restrictions provided for in subsection 1 of this section shall not apply to increased expenditures of the district necessary to maintain health insurance coverage for district employees at the same level that may have been provided by the district prior to implementation of the restrictions. Further, the restrictions shall not apply to increased expenditures of the district necessary to meet the district's share of contributions for employees who are members of the public school retirement system of Missouri, the public school retirement system of the school district of Kansas City, or the public school retirement system of the city of St. Louis.

3. The exemption from reduction authorized by subsection 1 of this section shall be limited to two tax years, at which time the district may submit to the voters of the district the question of whether to continue such exemption.

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] of the second **full school year of such unaccredited classification after the school year during which the unaccredited classification is initially assigned.** The territory theretofore embraced within any district that lapses pursuant to this section or any portion thereof[, shall] **may** 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. [When] **Prior to or at the time** 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,] **but after the school district has been classified as unaccredited,** the

department of elementary and secondary education shall conduct a public hearing at a location in the **unaccredited** school district [that has lapsed. 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.

3.] The purpose of the hearing shall be to:

- (1) Review any plan by the district to return to accredited status; or**
- (2) Offer any technical assistance that can be provided to the district.**

3. Except as otherwise provided in section 162.1100, 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 and in any other school district if the local board of education does not anticipate a return to accredited status, the state board of education may appoint a special administrative board to supervise the financial operations, maintain and preserve the financial assets or, if warranted, continue operation of the educational programs within the district or what provisions might otherwise be made in the best interest of the education of the children of the district. The special administrative board shall consist of two persons who are residents of the school district, who shall serve without compensation, and a professional administrator, who shall chair the board and shall be compensated, as determined by the state board of education, in whole or in part with funds from the district.

4. Upon lapse of the district, the state board of education may:

(1) Appoint a special administrative board, if such a board has not already been appointed, and authorize the special administrative board to retain the authority granted to a board of education for the operation of all or part of the district;

(2) Attach the territory of the lapsed district to another district or districts for school purposes; or

(3) Establish one or more school districts within the territory of the lapsed district, with a governance structure consistent with the laws applicable to districts of a similar size, with the option of permitting a district to remain intact for the purposes of assessing, collecting, and distributing property taxes, to be distributed equitably on a per eligible pupil basis, but to be divided for operational purposes, 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 special administrative board may retain the authority granted to a board of education for the operation of the lapsed school district under the laws of the state in effect at the time of the lapse.

5. The authority of the special administrative board shall expire at the end of

the third full school year following its appointment, unless extended by the state board of education. If the lapsed district is reassigned, the special administrative board shall provide an accounting of all funds, assets and liabilities of the lapsed district and transfer such funds, assets, and liabilities of the lapsed district as determined by the state board of education.

6. Upon recommendation of the special administrative board, the state board of education may assign the funds, assets and liabilities of the lapsed district to another district or districts. Upon assignment, all authority of the special administrative board shall transfer to the assigned districts.

7. 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, unemployment compensation payment pursuant to section 288.110, RSMo, or any other purpose.

8. 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.

9. (1) The governing body of a school district, upon an initial declaration by the state board of education that such district is provisionally accredited, may, and, upon an initial declaration by the state board of education that such district is unaccredited, shall develop a plan to be submitted to the voters of the school district to divide the school district if the district cannot attain accreditation within three years of the initial declaration that such district is unaccredited. In the case of such a district being declared unaccredited, such plan shall be presented to the voters of the district before the district lapses. In the case of such a district being declared provisionally accredited, such plan may be presented before the close of the current accreditation cycle.

(2) The plan may provide that the school district shall remain intact for the purposes of assessing, collecting and distributing taxes for support of the schools, and the governing body of the district shall develop a plan for the distribution of such taxes equitably on a per pupil basis if the district selects this option.

(3) The make-up of the new districts shall be racially balanced as far as the proportions of students allow.

(4) If a majority of the district's voters approve the plan, the state board of education shall cooperate with the local board of education to implement the plan, which may include use of the provisions of this section to provide an orderly transition to new school districts and achievement of accredited status for such districts.

10. In the event that a school district with an enrollment in excess of five

thousand pupils lapses, no school district shall have all or any part of such lapsed school district attached without the approval of the board of the receiving school district.

162.571. Every city in this state, not within a county, together with the territory now within its limits, or which may in the future be included by any change thereof, constitutes a single metropolitan school district, and is a body corporate. **Except as otherwise provided in section 162.621**, the supervision and government of public schools and public school property therein is vested in a board [of twelve members], to be known as "The Board of Education of" (in which title the name of the city shall be inserted). The board of education, by and in that name, may sue and be sued, purchase, receive, hold and sell property, and, **except as otherwise provided in section 162.621**, do all things necessary to accomplish the purpose for which the school district is organized. All titles to property granted to the city by the United States or this state for school purposes, and the title to all school lands and other property of every kind, is vested in the board of education established by this law.

162.581. 1. The members of the board of education shall be elected from the city [at large], **as provided in section 162.601**, on a general ticket, and shall be at least twenty-four years of age, citizens and residents of the city, and shall have been residents and citizens for at least three years immediately preceding their election. They shall not hold any office, except that of notary public, in the city or state, nor be interested in any contract with or claim against the board, either directly or indirectly. If at any time after the election of any member of the board he becomes interested in any contract with or claim against the board, either directly or indirectly, or as agent or employee of any individual, firm or corporation, which is so interested, he shall thereupon be disqualified to continue as a member of the board, and shall continue to be so disqualified during the remainder of the term for which he was elected.

2. Every member of the board, before assuming the duties of his office, shall take oath before a circuit or associate circuit judge of the city, which oath shall be kept of record in the office of the board, that he possesses all the qualifications required by this section, and that he will not, while serving as a member of the board, become interested in any contract with or claim against the board, directly or indirectly, or as agent or employee of any individual, firm or corporation which is so interested, and that he will not be influenced, during his term of office, by any consideration except that of merit and fitness in the appointment of officers and the engagement of employees.

3. No compensation shall be paid to the members of the board, but they are exempt from service as election officers during the term of office.

162.601. 1. **Elected members of the board in office on the effective date of this section shall hold office for the length of term for which they were elected.**

2. **No board members shall be elected at the first municipal election in an odd-**

numbered year next following the effective date of this section.

3. Three board members shall be elected at the second municipal election in an odd-numbered year next following the effective date of this section to serve four-year terms.

4. Four board members shall be elected at the third municipal election in an odd-numbered year next following the effective date of this section, and two of such members shall be elected to four-year terms and two of such members shall be elected to three-year terms.

5. Beginning with the fourth municipal election in an odd-numbered year next following the effective date of this section, and at each succeeding municipal election in a year during which board member terms expire, there shall be elected [at each municipal election in odd-numbered years four] members of the board of education, who shall assume the duties of their office at the first regular meeting of the board of education after their election, and who shall hold office for [six] **four years, and until their successors are elected and qualified.**

6. Members of the board of directors shall be elected to represent seven subdistricts. The subdistricts shall be established by the state board of education to be compact, contiguous and as nearly equal in population as practicable. The subdistricts shall be revised by the state board of education after each decennial census and at any other time the state board determines that the district's demographics have changed sufficiently to warrant redistricting.

7. A member shall reside in and be elected in the subdistrict which the member is elected to represent. 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.

8. No one may run for school board who is employed by the school district or who is related to an employee of the school district within the second degree of affinity or consanguinity.

162.621. **1.** The board of education shall have general and supervising control, government and management of the public schools and public school property of the district in the city and shall exercise generally all powers in the administration of the public school system therein. The board of education has all the powers of other school districts under the laws of this state except as herein provided and shall perform all duties required by general laws of school districts so far as they are applicable to the public school affairs of the city and are consistent with this law. It shall appoint the officers, agents and employees it deems necessary and proper and fix their

compensation. The board of education may:

(1) Make, amend and repeal rules and bylaws for its meetings and proceedings, for the government, regulation and management of the public schools and school property in the city, for the transaction of its business, and the examination, qualification and employment of teachers, which rules and bylaws are binding on the board of education and all parties dealing with it until formally repealed;

(2) Fix the time of its meetings;

(3) Provide for special and standing committees;

(4) Levy taxes authorized by law for school purposes;

(5) Invest the funds of the district;

(6) Purchase and hold all property, real and personal, deemed by it necessary for the purposes of public education;

(7) Build and construct improvements for such purposes, and sell the same;

(8) Provide for the gratuitous transportation of pupils to and from schools in cases where by reason of special circumstances pupils are required to attend schools at unusual distances from their residences.

2. Except as otherwise provided in this subsection, the powers granted in subsection 1 of this section shall be vested, in the manner provided in section 162.1100, in the special administrative board of the transitional school district containing the city not within a county if the school district loses its accreditation from the state board of education. Thereafter, such powers shall immediately revert to the board of directors of the school district for any period of time for which no transitional school district containing the city not within a county is in existence. The board of directors of the school district shall, at all times, retain auditing and public reporting powers.

162.626. 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 fewer than ten 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. Pupil-teacher ratios in such classrooms shall not exceed twenty-five to one. The program shall seek to improve student learning by providing a long-term relationship between the student and a particular teacher. The board shall develop a plan for grade level groups throughout which participating classes shall maintain the same group of students with the same teacher for multiyear periods. The grade level groups shall include at least two grade levels and shall not exceed four grade levels in the same group. The plan shall provide for voluntary participation by students. 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. All policies and plans established by the board pursuant to

this subsection shall be subject to review and approval of the state board of education.

162.935. 1. **Except as provided in subsection 3 of this section**, each special district formed under provisions of sections 162.670 to [162.995] **162.999** shall receive an amount for each eligible pupil equal to the sum of the amounts received by all districts comprising the special district for the current school year under provisions of section 163.031, RSMo, divided by the total number of eligible pupils in the schools of such districts. A student enrolled in classes or programs in both the special district and a component district or a pupil enrolled in a local district who needs itinerant or temporary services provided by the special district shall continue his enrollment in the local district for purposes of apportionment of state aid on average daily attendance. The special district may include the pupil in classes approved for special categorical aid. The district providing transportation may claim state transportation aid.

2. [The] **Any special school district which is in a county of the first classification which has a population greater than nine hundred thousand** is entitled to apportionment of state aid [in the same manner as six-director school districts] even though the tax rate levied by the special school district is less than that required by section 163.021, RSMo.

3. For the purposes of determining state aid pursuant to section 163.031, RSMo, the operating levy for school purposes of a school district within any special school district which is not in a county of the first classification which has a population greater than nine hundred thousand shall include the operating levy for school purposes of the special school district in which such school district is located, and the district's number of eligible pupils shall reflect the average daily attendance of all pupils resident in the district and educated by the district or by the special school district, or both. The department shall pay the funds so calculated to the school district and the special school district, respectively, in the same proportion as the school district's operating levy or special school district's operating levy, respectively, bears to the total of the operating levies of the school district and the special school district, except this distribution shall not decrease any district's allocation of formula money per eligible pupil below that which the district received for the 1992-93 school year. Such state aid shall constitute foundation formula state aid provided to such special school district pursuant to section 163.031, RSMo.

162.1060. 1. **There is hereby established a metropolitan schools achieving value in transfer corporation, which shall be a public body corporate, for the purpose of implementing an urban voluntary school transfer program within a program area which shall include a city not within a county and any school district located in whole or in part in a county with a population in excess of nine hundred thousand persons which district chooses to participate. The corporation shall be governed by a board of directors consisting of one representative from each school district that participates in the urban voluntary school transfer program selected by the governing body of each**

such district. The vote of each member of the board shall be weighted proportionately to the percentage of the total of transfer students who attend school in the member's district.

2. (1) The corporation's board of directors shall design and operate an urban voluntary school transfer program for all participating districts. The board shall make provision for transportation of all the students and for payment to school districts for the education of such students. Acceptance of students into the program shall be determined by policies enacted by the corporation's board of directors, provided that 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 federal desegregation order, decree or agreement. All provisions of this section shall be subject to a settlement incorporated into a final judgment, provided that the financial provisions of this section shall not be superseded by such settlement.

(2) Each district, other than a metropolitan school district, participating in an urban voluntary school transfer program shall place before voters in the district a proposal to continue participation in the urban voluntary school transfer program at the April election during the sixth year of operation of the program. Unless a majority of district voters voting thereon votes to continue participation in the program, each district, other than a metropolitan school district, shall file a plan, no later than the end of the seventh year of the operation of the program, for phase-out of the district's participation in the program, and such plan shall be provided to the state board of education, the transitional school district and the board of directors of the corporation. Each such plan shall provide for elimination of transfers to the district pursuant to this section no later than the following schedule:

- (a) The ninth year of the program for grades one through three;
- (b) The tenth year of the program for grades four through six;
- (c) The eleventh year of the program for grades seven through nine; and
- (d) The twelfth year of the program for grades ten through twelve.

3. (1) Other provisions of law to the contrary notwithstanding, each student participating in the program shall be considered an eligible pupil of the district of residence for the purpose of distributing state aid, except that students attending school in a metropolitan school district in a program established pursuant to this section shall be considered eligible pupils of the district attended, and provided that the department shall determine the increased state aid eligibility created by including pupils attending school in a program established pursuant to this section as eligible pupils of the district of residence and shall distribute the full amount of such state aid to the metropolitan schools achieving value in transfer corporation and shall not

distribute state aid on the basis of such pupils to the district of residence.

(2) For each student participating in the program, the corporation shall receive the total of all state and federal aid that would otherwise be paid to the student's district of residence, including, but not limited to, state aid provided pursuant to sections 148.360, 149.015, 163.031 and 163.087, RSMo. The corporation shall pay a school district that receives a nonresident student from the funds of the corporation in accordance with the provisions of this section and agreements between the corporation and the participating school districts.

4. (1) In each of the first two fiscal years, the corporation shall also receive a payment of twenty-five million dollars.

(2) For the third year of operation and thereafter, the corporation shall receive transportation state aid, for each student that participates in the program, which shall be in the same amount and on the same basis as would be received by the student's district of residence if the student were attending a school in the attendance zone in the student's district of residence, provided that such reimbursement shall not exceed one hundred fifty-five percent of the statewide average per pupil cost for transportation for the second preceding school year.

(3) Funds received by the corporation pursuant to this subsection may be used for any purpose and need not be expended in the year received.

5. The corporation created herein shall have all powers of a public body corporate, except that it shall have no paid employees. The corporation, by contract with any public entity, school district, or private entity, may retain the services of a fiscal agent, make provisions for accounting, transportation management, or other assistance that the corporation may need to carry out its functions, except that no contractor or employee of any contractor acting in a policy-making function shall have ever have been a contractor or employee of the Voluntary Interdistrict Coordinating Council or any other program established by the federal district court; except that this restriction shall not apply to transportation contractors or their employees. When a school district located in whole or in part in a county with a population in excess of nine hundred thousand persons ceases to participate in the urban public school transfer program, its representative shall be removed from the corporation's board of directors. When none of the students who reside in a school district in a city not within a county opt to participate in the program, the school district's representative shall be removed from the board of directors. When all of the school districts have ended their participation in the program, in accordance with this subsection, the corporation's operations shall cease, and any funds of the corporation remaining shall be paid to the state of Missouri to the credit of the general revenue fund, except such amounts as the commissioner of education shall determine should be paid to particular school districts

under the regulations applicable to federal programs or returned to the federal government.

6. All funds received by the corporation shall become funds of the corporation and paid for the purposes set forth in this section and in accordance with agreements entered into between the corporation and participating school districts and other entities, provided that funds received for particular purposes, under federal or state categorical programs benefitting individual students, shall be paid to the district or entity providing services to the students entitled to such services. The proportionate share of federal and state resources generated by students with disabilities, or the staff serving them, shall be paid to the district where the child is attending school, unless the district of residence is required by law to provide such services to the individual students, except that a special school district containing the district where the child is attending school shall be paid for all unreimbursed expenses for special education services provided to students with disabilities. Funds held by the corporation at the close of a fiscal year may be carried over and utilized by the corporation in subsequent fiscal years for the purposes set forth in this section.

7. The board of directors may establish 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 board of directors may 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.

8. No later than four years following the date an urban public school transfer 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 Voluntary School Transfer 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.

9. 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 voluntary school transfer program is begun pursuant to this section in a program area, the committee shall review and monitor the status of any urban voluntary school transfer 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.

10. No later than nine years following the date an urban public school transfer program is begun pursuant to this section in a program area, the "Joint Committee on Urban Voluntary School Transfer Programs" shall be re-established in the form specified in subsection 8 of this section and pursuant to the same provisions for reimbursement of expenses and staff support as specified in subsection 9 of this section. No later than ten years following the date an urban voluntary school transfer program is begun pursuant to this section in a program area, the committee shall review and monitor the status of any urban voluntary school transfer program established pursuant to this section and make any recommendations the committee deems necessary to the general assembly regarding such program or programs.

162.1100. 1. There is hereby established within each city not within a county a school district to be known as the "Transitional School District of (name of city)", which shall be a body corporate and politic and a subdivision of the state. The transitional school district shall be coterminous with the boundaries of the city in which the district is located. Except as otherwise provided in this section and section 162.621, the transitional school district shall be subject to all laws pertaining to "seven-director districts", as defined in section 160.011, RSMo. The transitional school district shall have the responsibility for educational programs and policies determined by a final judgment of a federal school desegregation case to be needed in providing for a transition of the educational system of the city from control and jurisdiction of a federal court school desegregation order, decree or agreement and such other programs and policies as designated by the governing body of the school district.

2. (1) The governing board of the transitional school district shall consist of three residents of the district: One shall be appointed by the governing body of the district, one shall be appointed by the mayor of the city not within a county and one shall be appointed by the president of board of aldermen of the city not within a county. The members of the governing board shall serve without compensation for a term of three years, or until their successors have been appointed, or until the transitional district is dissolved or terminated. Any tax approved for the transitional district shall be assigned to the governing body of the school district in a city not within a county after dissolution or termination of the transitional district.

(2) In the event that the state board of education shall declare the school district

of a city not within a county to be unaccredited, the member of the governing board of the transitional district appointed by the governing body of the district as provided in subdivision (1) of this subsection shall, within ninety days, be replaced by a chief executive officer nominated by the state board of education and appointed by the governor with the advice and consent of the senate. The chief executive officer need not be a resident of the district but shall be a person of recognized administrative ability, shall be paid in whole or in part with funds from the district, and shall have all other powers and duties of any other general superintendent of schools, including appointment of staff. The chief executive officer shall serve for a term of three years or until his successor is appointed or until the transitional district is dissolved or terminated. His salary shall be set by the state board of education.

3. In the event that the school district loses its accreditation, upon the appointment of a chief executive officer, any powers granted to any existing school board in a city not within a county on or before the effective date of this section shall be vested with the special administrative board of the transitional school district containing such school district so long as the transitional school district exists, except as otherwise provided in section 162.621.

4. The special administrative board's powers and duties shall include:

(1) Creating an academic accountability plan, taking corrective action in underperforming schools, and seeking relief from state-mandated programs;

(2) 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) Authority to establish school site councils to facilitate site-based school management and to improve the responsiveness of the schools to the needs of the local geographic attendance region of the school;

(6) Authority to submit a proposal to district voters pursuant to section 1 of this act regarding establishment of neighborhood schools.

5. The provisions of a final judgment as to the state of Missouri and its officials in a school desegregation case which subjects a district in which a transitional district is located in this state to a federal court's jurisdiction may authorize or require the governing body of a transitional school district established under this section to establish the transitional district's operating levy for school purposes, as defined pursuant to section 163.011, RSMo, at a level not to exceed eighty-five cents per one hundred dollars assessed valuation in the district or a sales tax equivalent amount as determined by the department of elementary and secondary education which may be

substituted for all or part of such property tax. The transitional school district, any other statute to the contrary notwithstanding, shall not be subject to any certificate of tax abatement issued pursuant to sections 99.700 to 99.715, RSMo. Any certificate of abatement issued after the effective date of this act shall not be applicable to the transitional school district. The transitional school district shall not be subject to the provisions of section 162.081, sections 163.021 and 163.023, RSMo, with respect to any requirements to maintain a minimum value of operating levy or any consequences provided by law for failure to levy at least such minimum rate. No operating levy or increase in the operating levy or sales tax established pursuant to this section shall be collected for a transitional school district unless prior approval is obtained from a simple majority of the district's voters. The board of the transitional district shall place the matter before the voters prior to March 15, 1999.

6. (1) The special administrative board established in 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. The plan shall ensure that all students meet or exceed grade level standards established by the state board of education pursuant to section 160.514, RSMo;

(2) The special administrative board shall establish student performance standards consistent with the standards established by the state board of education pursuant to section 160.514, RSMo, 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; except that the provisions of this subsection shall not apply to students receiving special education services pursuant to sections 162.670 to 162.999;

(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; except that the provisions of this subsection shall not apply to students receiving special education services pursuant to sections 162.670 to 162.999;

(5) The special administrative board established in 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.

7. The school improvement plan established pursuant to this section shall ensure open enrollment and program access to all students in the district, and, consistent with the Missouri and United States Constitutions, shall give first priority to residents of the city for admission to magnet schools. The school board shall take all practicable and

constitutionally permissible steps to ensure that all magnet schools operate at full capacity. 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.

8. To the extent practicable, the special administrative board shall ensure that per pupil expenditures and pupil-teacher ratios shall be the same for all schools serving students at a given grade level.

9. The special administrative board shall ensure that early childhood education is available throughout the district.

10. The special administrative board shall ensure that vocational education instruction is provided within the district.

11. The special administrative 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.

12. The transitional school district in any city not within a county shall be dissolved on July 1, 2008, unless the state board determines, prior to that date, that it is necessary for the transitional district to continue to accomplish the purposes for which it was created. The state board of education may cause the termination of the transitional school district at any time upon a determination that the transitional district has accomplished the purposes for which it was established and is no longer needed. The state board of education may cause the re-establishment of the transitional school district at any time upon a determination that it is necessary for the transitional district to be re-established to accomplish the purposes established in this section. The state board of education shall provide notice to the governor and general assembly of the termination or re-establishment of the transitional school district and the termination or re-establishment shall become effective thirty days following such determination. Upon dissolution of a transitional school district pursuant to this section, nothing in this section shall be construed to reduce or eliminate any power or duty of any school district or districts containing the territory of the dissolved transitional school district unless such transitional school district is re-established by the state board of education pursuant to 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 **following** 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;

(5) "District's target rate", the district's average percentage of pupils from fiscal years 2000 to 2005 scoring at or above the proficiency level on the statewide assessment

system on either mathematics or reading/communication arts plus one percentage point for each year after fiscal year 2005 except that the district's target rate shall not exceed the statewide average percentage from fiscal year 2000 to fiscal year 2005 scoring at or above the proficiency level on the statewide assessment system on either mathematics or reading/communication arts.

[(3)] (6) "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)] (7) "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)] (8) "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;

(9) **"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 plus the costs of improvement of instruction and the cost of purchased services and supplies for operation of the facilities housing those programs, excluding student activities, 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 noncapital transportation costs;**

[(6)] (10) "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)] (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; **except that, for the purposes of line 14(b) the guaranteed tax base shall be no greater than the guaranteed tax base used for the 1998-99 payment year.** 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" **for districts making transfers pursuant to subsection 4 of section 165.011, RSMo, based upon amounts multiplied by the guaranteed tax base, or making payments or expenditures related to obligations made pursuant to section 177.088, RSMo, or any combination of such transfers, payments or expenditures,** means the sum of tax rates levied for teachers and incidental funds **plus the operating levy or sales tax equivalent pursuant to section 162.1100, RSMo, of any transitional school district containing the school district,** in the payment year [and], **and, for other districts, means the sum of tax rates levied for incidental, teachers, debt service and capital projects funds plus the operating levy or sales tax equivalent pursuant to section 162.1100, RSMo, of any transitional school district containing the school district, with no more than eighteen cents of the sum levied in the debt service and capital projects funds. Any portion of the operating levy for school purposes levied in the debt service and capital projects funds in excess of a sum of ten cents must be**

authorized by a vote of the people, after August 28, 1998, approving an increase in the operating levy, or a full waiver of the rollback pursuant to section 164.013, RSMo, with a tax rate ceiling in excess of the minimum tax rate or an issuance of general obligation bond. The operating levy 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] **ninety-five cents per one hundred dollars assessed valuation, **except that the operating levy shall be no greater than a maximum value of four dollars and seventy cents per one hundred dollars assessed valuation for the purposes of line 2 of subsection 6 of section 163.031.** To equalize the operating levy, multiply the aggregate tax rates for teachers[,] **and** 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)] **(8)** 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].

163.021. 1. A school district shall receive state aid for its education program only if it:

(1) Provides for a minimum of one hundred seventy-four days and one thousand forty-four hours of actual pupil attendance in a term scheduled by the board pursuant to section 160.041, RSMo, for each pupil or group of pupils, except that the board shall provide a minimum of one hundred seventy-four days and five hundred twenty-two hours of actual pupil attendance in a term for kindergarten pupils. If any school is dismissed because of inclement weather after school has been in session for three hours, that day shall count as a school day including afternoon session kindergarten students. When the aggregate hours lost in a term due to inclement weather decreases the total hours of the school term below the required minimum number of hours by more than twelve hours for all day students or six hours for one-half day kindergarten students, all such hours below the minimum must be made up in one-half day or full day additions to the term, except as provided in section 171.033, RSMo;

(2) Maintains adequate and accurate records of attendance, personnel and finances, as required by the state board of education, which shall include the preparation of a financial statement which shall be submitted to the state board of education the same as required by the provisions of section 165.111, RSMo, for districts;

(3) Levies an operating levy for school purposes of not less than one dollar and twenty-five cents after all adjustments and reductions on each one hundred dollars assessed valuation of the district;

(4) Computes average daily attendance as defined in subdivision (2) of section 163.011 as modified by section 171.031, RSMo. Whenever there has existed within the district an infectious disease, contagion, epidemic, plague or similar condition whereby the school attendance is substantially reduced for an extended period in any school year, the apportionment of school funds and all other distribution of school moneys shall be made on the basis of the school year next preceding the year in which such condition existed.

2. [No school district shall receive more state aid, as calculated in section 163.031, for its

education program than it received per eligible pupil for the school year 1990-91, unless it levies an operating levy for school purposes of not less than two dollars after all adjustments and reductions beginning with the tax year which commences January 1, 1993. For the 1994-95] **Beginning with the tax year which commences January 1, 1998, and for the 1998-99** school year and subsequent **tax and** school years, no school district shall receive more state aid, as calculated under section 163.031 for its education program, exclusive of categorical add-ons, than it received per eligible pupil for the school year 1993-94, unless it has an operating levy for [current] school purposes, **as determined pursuant to section 163.011**, of not less than two dollars and seventy-five cents after all adjustments and reductions [beginning with the tax year which commences January 1, 1994], **with no more than ten cents of this tax rate levied in the debt service and capital projects funds and eligible for entry on line 1 of the state school aid formula contained in subsection 6 of section 163.031**; except that, beginning in the 1997-98 school year, any district which is required, pursuant to article X, section 22 of the Missouri Constitution, to reduce its operating levy below the minimum tax rate otherwise required under this subsection shall not be construed to be in violation of this subsection for making such tax rate reduction. Pursuant to section 10(c) of article X of the state constitution, a school district may levy the operating levy for school purposes required by this subsection less all adjustments required pursuant to article X, section 22 of the Missouri Constitution if such rate does not exceed the highest tax rate in effect subsequent to the 1980 tax year. Nothing in this section shall be construed to mean that a school district is guaranteed to receive an amount not less than the amount the school district received per eligible pupil for the school year 1990-91. The provisions of this subsection shall not apply to any school district located in a county of the second classification which has a nuclear power plant located in such district or to any school district located in a county of the third classification which has an electric power generation unit with a rated generating capacity of more than one hundred fifty megawatts which is owned or operated or both by a rural electric cooperative except that such school districts may levy for current school purposes and capital projects an operating levy not to exceed two dollars and seventy-five cents less all adjustments required pursuant to article X, section 22 of the Missouri Constitution.

3. No school district shall receive more state aid, as calculated in section 163.031, for its education program, exclusive of categorical add-ons, than it received per eligible pupil for the school year 1993-1994, if the state board of education determines that the district was not in compliance in the preceding school year with the requirements of section 163.172, until such time as the board determines that the district is again in compliance with the requirements of section 163.172.

4. The department of elementary and secondary education shall evaluate the correlation between district tax rates and district assessed valuation per pupil following each biennial property tax reassessment and shall report its findings to the governor and the general assembly

by December first of the year following each reassessment. The findings shall include a calculation of the minimum required property tax rate necessary to maintain a correlation of zero or less between district property tax rate and district assessed valuation per pupil and a report of assessed valuation per pupil and district property tax rate for all districts.

5. No school district shall receive state aid, pursuant to section 163.031, if such district was not in compliance, during the preceding school year, with the requirement, established pursuant to section 160.530, RSMo, to allocate revenue to the professional development committee of the district.

6. No school district shall receive more state aid, as calculated in section 163.031, for its education program, exclusive of categorical add-ons, than it received per eligible pupil for the school year 1993-1994, if the district did not comply in the preceding school year with the requirements of subsection 7 of section 163.031.

7. No school district shall receive state aid, pursuant to section 163.031, if the district failed to make a required payment in the preceding year to the school building revolving fund pursuant to section 166.300, RSMo.

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 **lesser of the** district's equalized operating levy for school purposes as defined in section 163.011 **or two dollars and seventy-five cents per one hundred dollars assessed valuation** multiplied by the guaranteed tax base per eligible pupil times the proration factor **plus an amount determined by multiplying the number of eligible pupils by the greater of zero or the district's equalized operating levy for school purposes as defined in section 163.011 minus two dollars and seventy-five cents per one hundred dollars assessed valuation 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; **provided that, if the proration factor so calculated is greater than one, the proration factor for line 1(b) shall be the greater of one or the proration factor for line 1(a) minus five hundredths, and provided that if the proration factor so calculated is less than one, the proration factor for line 1(a) shall be the lesser of one or the proration factor for line 1(b) plus five hundredths.**

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, **for a district with an operating levy in excess of two dollars and seventy-five cents per one hundred dollars assessed valuation, or twenty-two percent, otherwise** times the guaranteed tax base per eligible pupil times **two dollars and seventy-five cents per one hundred dollars assessed valuation** [the minimum value for an operating levy for school purposes as provided in section 163.011] times the proration factor **plus the free and reduced**

lunch eligible pupil count for the district, as defined in section 163.011, times thirty percent times the guaranteed tax base per eligible pupil times the following quantity: ((the greater of zero or the district's operating levy for school purposes minus two dollars and seventy-five cents per one hundred dollars assessed valuation) times one or, beginning in the fifth year following the effective date of this section, the quotient of the district's fiscal instructional ratio of efficiency for the prior year divided by the fiscal year 1998 statewide average fiscal instructional ratio of efficiency, if the district's prior year fiscal instructional ratio of efficiency is at least five percent below the fiscal year 1998 statewide average) times the proration factor, minus court-ordered state desegregation aid received by the district for operating purposes; 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.

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 **plus the amount of line 14 per eligible pupil that exceeds the line 14 per pupil amount from the 1997-98 school year, or the revenue per eligible pupil received by a district in the 1992-93 school year from the foundation formula entitlement payment amount plus the amount of line 14(a) per eligible pupil times the quotient of line 1 minus line 10, divided by the number of eligible pupils, or zero if line 1 minus line 10 is less than zero, divided by the revenue per eligible pupil received by the district in the 1992-93 school year from**

the foundation formula entitlement payment amount, whichever is greater. 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.] **1(a).** Number of eligible pupils x (**lesser of** district's equalized operating levy for school purposes **or two dollars and seventy-five cents per one hundred dollars assessed valuation**) x (proration x GTB per EP)..... \$.....

1(b). Number of eligible pupils x (**greater of: 0, or district's equalized operating levy for school purposes minus two dollars and seventy-five cents per one hundred dollars assessed valuation**) 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. 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. (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. 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. 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. 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. Total deductions (sum of lines 2-9) \$.....

Categorical Add-ons

- 11. The amount distributed pursuant to section 163.161 x proration \$.....
- 12. Special education approved or allowed cost entitlement for the district pursuant to section 162.975, RSMo, x proration \$.....
- 13. Seventy-five percent of the gifted education approved or allowable cost entitlement as determined pursuant to section 162.975, RSMo, x proration \$.....

[14.] **14(a).** Free and reduced lunch eligible pupil count for the district, as defined in section 163.011, x .20, **if operating levy in excess of \$2.75, or .22, otherwise** x GTB per EP x **\$2.75 per \$100 AV** [the minimum value for an operating levy for school purposes as provided in section 163.011] x proration \$.....

14(b). Free and reduced lunch eligible pupil count for the district, as defined in section 163.011 x .30 x GTB x ((the greater of zero or the district's adjusted operating levy minus \$2.75 per \$100 AV) x (1.0 or, beginning in

the fifth year following the effective date of this section, the district's FIRE for the prior year/statewide average FIRE for FY 1998, if the district's prior year FIRE is at least five percent below the FY 1998 statewide average FIRE) x proration) - court-ordered state desegregation aid received by the district for operating purposes \$.....

- 15. Career ladder entitlement for the district as provided for in sections 168.500 to 168.515, RSMo, x proration \$.....
- 16. Vocational education entitlements for the district as provided in section 167.332, RSMo, x proration..... \$.....
- 17. Educational and screening program entitlements for the district as provided in sections 178.691 to 178.699, RSMo, 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.

8. In addition to the penalty for line 14 described in subsection 6 of this section, beginning in school year 2004-05, any increase in a school district's funds received pursuant to line 14 of subsection 6 of this section over the 1997-98 school year shall be reduced by one percent for each full percentage point the percentage of the district's pupils scoring at or above five percent below the statewide average level on either mathematics or reading is less than sixty-five percent.

9. If a school district's annual audit discloses that students were inappropriately identified as eligible for free or reduced price lunch and the district does not resolve the audit finding, the department of elementary and secondary education shall require that the amount of line 14 aid paid on the inappropriately identified pupils be repaid by the district in the next school year and shall additionally impose a penalty of one hundred percent of the line 14 aid paid on such pupils, which penalty shall also be paid within the next school year. Such amounts may be repaid by the district through the withholding of the amount of state aid.

163.161. 1. Any school district which makes provision for transporting pupils as provided in section 162.621, RSMo, and sections 167.231 and 167.241, RSMo, shall receive state aid for the ensuing year for such transportation on the basis of the cost of pupil transportation services

provided the current year. A district shall receive, pursuant to section 163.031, an amount not greater than seventy-five percent of the allowable costs of providing pupil transportation services to and from school and to and from public accredited vocational courses, and shall not receive an amount per pupil greater than one hundred twenty-five percent of the state average approved cost per pupil transported the second preceding school year, except when the state board of education determines that sufficient circumstances exist to authorize amounts in excess of the one hundred twenty-five percent of the state average approved cost per pupil transported the second previous year.

2. The state board of education shall **determine public school district route approval procedures to be used by each public school district board of education to** approve all bus routes or portions of routes and determine the total miles each **public school** district [should have for effective and economical] **needs for safe and cost-efficient** transportation of the pupils and **the state board of education** shall determine allowable costs[. Under circumstances where the state board approves only a portion of a route, the costs for the disapproved portion shall not be considered allowable costs. The local school board, in its discretion, may continue that portion of the route unless that portion of the route was discontinued by the state board of education for safety reasons. When the local school board decides to continue that portion of the route, costs incurred shall be paid from local money or by the parents of the students living on that portion of the route under consideration. State aid for any other portion of the route which shall otherwise be approved shall not be affected.] No state aid shall be paid for the costs of transporting pupils living less than one mile from the school. However, if the state board of education determines that circumstances exist where no appreciable additional expenses are incurred in transporting pupils living less than one mile from school, such pupils may be transported without increasing or diminishing the district's entitlement to state aid for transportation.

3. State aid for transporting handicapped and severely handicapped students attending classes within the school district or in a nearby district under a contractual arrangement shall be paid in accordance with the provisions of section 163.031 and an amount equal to seventy-five percent of the additional cost of transporting handicapped and severely handicapped students above the average per pupil cost of transporting all students of the district shall be apportioned pursuant to section 163.031 where such special transportation is approved in advance by the department of elementary and secondary education. State aid for transportation of handicapped and severely handicapped children in a special school district shall be seventy-five percent of allowable costs as determined by the state board of education which may for sufficient reason authorize amounts in excess of one hundred twenty-five percent of the state average approved cost per pupil transported the second previous year. In no event shall state transportation aid exceed seventy-five percent of the total allowable cost of transporting all pupils eligible to be transported;

provided that no district shall receive reduced reimbursement for costs of transportation of handicapped and severely handicapped children based upon inefficiency.

4. No state transportation aid received pursuant to section 163.031 shall be used to purchase any school bus manufactured prior to April 1, 1977, that does not meet the federal motor vehicle safety standards.

165.011. 1. The following funds are created for the accounting of all school moneys: teachers' fund, incidental fund, free textbook fund, capital projects fund and debt service fund. The treasurer of the school district shall open an account for each fund specified in this section, and all moneys received from the county school fund and all moneys derived from taxation for teachers' wages shall be placed to the credit of the teachers' fund. All tuition fees, state moneys received under sections 162.975, RSMo, and 163.031, RSMo, and all other moneys received from the state except as herein provided shall be placed to the credit of the teachers' and incidental funds at the discretion of the district board of education. **The portion of state aid received by the district pursuant to section 163.031, RSMo, based upon the portion of the tax rate in the debt service or capital projects funds, respectively, which is included in the operating levy for school purposes pursuant to section 163.011, RSMo, shall be placed to the credit of the debt service fund or capital projects fund, respectively.** Money received from other districts for transportation, and money derived from taxation for incidental expenses shall be credited to the incidental fund. Money apportioned for free textbooks shall be credited to the free textbook fund. All money derived from taxation or received from any other source for the erection of buildings or additions thereto and the remodeling or reconstruction of buildings and the furnishing thereof, for the payment of lease purchase obligations, for the purchase of real estate, or from sale of real estate, schoolhouses or other buildings of any kind, or school furniture, from insurance, from sale of bonds other than refunding bonds shall be placed to the credit of the capital projects fund. All moneys derived from the sale or lease of sites, buildings, facilities, furnishings and equipment by a school district as authorized under section 177.088, RSMo, shall be credited to the capital projects fund. Money derived from taxation for the retirement of bonds and the payment of interest thereon shall be credited to the debt service fund which shall be maintained as a separate bank account. Receipts from delinquent taxes shall be allocated to the several funds on the same basis as receipts from current taxes, except that where the previous years' obligations of the district would be affected by such distribution, the delinquent taxes shall be distributed according to the tax levies made for the years in which the obligations were incurred. All refunds received shall be placed to the credit of the fund from which the original expenditures were made. Money donated to the school districts shall be placed to the credit of the fund where it can be expended to meet the purpose for which it was donated and accepted. Money received from any other source whatsoever shall be

placed to the credit of the fund or funds designated by the board.

2. The school board may expend from the incidental fund the sum that is necessary for the ordinary repairs of school property and an amount not to exceed the sum of expenditures for classroom instructional capital outlay, as defined by the department of elementary and secondary education by rule, in state-approved area vocational-technical schools and .06 dollars per one hundred dollars equalized assessed valuation multiplied by the guaranteed tax base for the second preceding year multiplied by the number of resident and nonresident eligible pupils educated in the district for the second preceding year for classroom instructional capital outlay, including but not limited to payments authorized pursuant to section 177.088, RSMo. Any and all payments authorized under section 177.088, RSMo, except as otherwise provided in this subsection, for the purchase or lease of sites, buildings, facilities, furnishings and equipment and all other expenditures for capital outlay shall be made from the capital projects fund. If a balance remains in the free textbook fund after books are furnished to pupils as provided in section 170.051, RSMo, it shall be transferred to the teachers' fund. The board may transfer the portion of the balance remaining in the incidental fund to the teachers' fund that is necessary for the total payment of all contracted obligations to teachers. If a balance remains in the debt service fund, after the total outstanding indebtedness for which the fund was levied is paid, the board may transfer the unexpended balance to the capital projects fund. If a balance remains in the bond proceeds after completion of the project for which the bonds were issued, the balance shall be transferred from the incidental or capital projects fund to the debt service fund. After making all placements of interest otherwise provided by law, a school district may transfer from the capital projects fund to the incidental fund the interest earned from undesignated balances in the capital projects fund.

3. Tuition shall be paid from either the teachers' or incidental funds.

4. Other provisions of law to the contrary notwithstanding, the school board of a school district that satisfies the criteria specified in subsection 5 of this section may transfer from the incidental fund to the capital projects fund an amount not to exceed the greater of zero or the sum of .18 dollars per one hundred dollars equalized assessed valuation multiplied by the guaranteed tax base for the second preceding year multiplied by the number of resident and nonresident eligible pupils educated in the district for the second preceding year and the amount to be expended for transportation equipment that is considered an allowable cost under state board of education rules for transportation reimbursements during the current year and any amount necessary to satisfy obligations of the capital projects fund for state-approved area vocational-technical schools and an amount not to exceed .06 dollars per one hundred dollars equalized assessed valuation multiplied by the guaranteed tax base for the second preceding year multiplied by the number of resident and nonresident eligible pupils educated in the district for the second preceding year less any amount transferred pursuant to subsection 7 of this section, provided that any amount transferred pursuant to this subsection shall only be transferred as

necessary to satisfy obligations of the capital projects fund less any amount expended from the incidental fund for classroom instructional capital outlay pursuant to subsection 2 of this section. For the purposes of this subsection, the guaranteed tax base and a district's count of resident and nonresident eligible pupils educated in the district shall not be less than their respective values calculated from data for the 1992-93 school year.

5. In order to transfer funds pursuant to subsection 4 of this section, a school district shall:

(1) Meet the minimum criteria for state aid and for increases in state aid for the current year established pursuant to section 163.021, RSMo;

(2) Not incur a total debt, including short-term debt and bonded indebtedness in excess of ten percent of the guaranteed tax base for the preceding payment year multiplied by the number of resident and nonresident eligible pupils educated in the district in the preceding year;

(3) Set tax rates pursuant to section 164.011, RSMo;

(4) First apply any voluntary rollbacks or reductions to the total tax rate levied to the teachers' and incidental funds;

(5) In order to be eligible to transfer funds for paying lease purchase obligations:

(a) Incur such obligations, except for obligations for lease purchase for school buses, prior to January 1, 1997;

(b) Limit the term of such obligations to no more than twenty years;

(c) Limit annual installment payments on such obligations to an amount no greater than the amount of the payment for the first full year of the obligation, including all payments of principal and interest, except that the amount of the final payment shall be limited to an amount no greater than two times the amount of such first-year payment;

(d) Limit such payments to leasing nonathletic, classroom, instructional facilities as defined by the state board of education through rule; and

(e) Not offer instruction at a higher grade level than was offered by the district on July 12, 1994.

6. A school district shall be eligible to transfer funds pursuant to subsection 7 of this section if:

(1) Prior to August 28, 1993:

(a) The school district incurred an obligation for the purpose of funding payments under a lease purchase contract authorized under section 177.088, RSMo;

(b) The school district notified the appropriate local election official to place an issue before the voters of the district for the purpose of funding payments under a lease purchase contract authorized under section 177.088, RSMo; or

(c) An issue for funding payments under a lease purchase contract authorized under section 177.088, RSMo, was approved by the voters of the district; or

(2) Prior to November 1, 1993, a school board adopted a resolution authorizing an action

necessary to comply with subsection 9 of section 177.088, RSMo. Any increase in the operating levy of a district above the 1993 tax rate resulting from passage of an issue described in paragraph (b) of subdivision (1) of this subsection shall be considered as part of the 1993 tax rate for the purposes of subsection 1 of section 164.011, RSMo.

7. Prior to transferring funds pursuant to subsection 4 of this section, a school district may transfer, pursuant to this subsection, from the incidental fund to the capital projects **[funds] fund** an amount as necessary to satisfy an obligation of the capital projects fund that satisfies at least one of the conditions specified in subsection 6 of this section, but not to exceed its payments authorized under section 177.088, RSMo, for the purchase or lease of sites, buildings, facilities, furnishings, equipment, and all other expenditures for capital outlay, plus the amount to be expended for transportation equipment that is considered an allowable cost under state board of education rules for transportation reimbursements during the current year plus any amount necessary to satisfy obligations of the capital projects fund for state-approved area vocational-technical schools. A school district with a levy for school purposes no greater than the minimum levy specified in section 163.021, RSMo, and an obligation in the capital projects fund that satisfies at least one of the conditions specified in subsection 6 of this section, may transfer from the incidental fund to the capital projects fund the amount necessary to meet the obligation plus the transfers pursuant to subsection 4 of this section.

8. Beginning in the 1995-96 school year, the department of elementary and secondary education shall deduct from a school district's state aid calculated pursuant to section 163.031, RSMo, an amount equal to the amount of any transfer of funds from the incidental fund to the capital projects fund performed during the previous year in violation of this section.

9. On or before June 30, 1995, a school district may transfer to the capital projects fund from the balances of the teachers' and incidental funds any amount, but only to the extent that the teachers' and incidental fund unrestricted balances on June 30, 1995, are equal to or greater than eight percent of expenditures from the teachers' and incidental funds for the year ending June 30, 1995.

10. In addition to other transfers authorized under subsections 1 to 9 of this section, a district may transfer from the teachers' and incidental funds to the capital projects fund the amount necessary to repay costs of one or more guaranteed energy savings performance contracts to renovate buildings in the school district; provided that the contract is only for energy conservation measures, as defined in section 640.651, RSMo, and provided that the contract specifies that no payment or total of payments shall be required from the school district until at least an equal total amount of energy and energy-related operating savings and payments from the vendor pursuant to the contract have been realized by the school district.

165.016. 1. A school district shall expend as a percentage of current operating cost, for tuition, teacher retirement and compensation of certificated staff, a percentage that is for the

1994-95 and 1995-96 school years, no less than three percentage points less than the base school year certificated salary percentage and for the 1996-97 school year, no less than two percentage points less than the base school year certificated salary percentage. **A school district may exclude transportation expenditures from the current operating cost calculation of the base year and the year or years for which the compliance percentage is calculated.** The base school year certificated salary percentage shall be the two-year average percentage of the 1991-92 and 1992-93 school years except as otherwise established by the state board under subsection [3] 4 of this section; except that, for any school district experiencing, over a period of three consecutive years, an average yearly increase in average daily attendance of at least three percent, the base school year certificated salary percentage may be the two-year average percentage of the last two years of such period of three consecutive years, at the discretion of the school district.

2. Beginning with the 1997-98 school year, a school district shall:

(1) Expend, as a percentage of current operating cost, **as determined in subsection 1 of this section**, for tuition, teacher retirement and compensation of certificated staff, a percentage that is no less than two percentage points less than the base school year certificated salary percentage; or

(2) For any year in which no payment of a penalty is required for the district under subsection [5] 6 of this section, have an unrestricted fund balance in the combined incidental and teachers funds on June thirtieth which is equal to or less than ten percent of the combined expenditures for the year from those funds.

3. **Beginning with the 1999-2000 school year:**

(1) **As used in this subsection, "fiscal instructional ratio of efficiency" or "FIRE" means the quotient of the sum of the district's current operating costs, as defined in section 163.011, RSMo, for all kindergarten through grade twelve direct instructional and direct pupil support service functions plus the costs of improvement of instruction and the cost of purchased services and supplies for operation of the facilities housing those programs, and excluding student activities, 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 noncapital transportation costs;**

(2) **A school district shall show compliance with this section in school year 1998-99 and thereafter by the method described in subsections 1 and 2 of this section, or by maintaining or increasing its fiscal instructional ratio of efficiency compared to its FIRE for the 1997-98 base year.**

4. (1) The state board of education may exempt a school district from the requirements of this section upon receiving a request for an exemption by a school district. The request shall show the reason or reasons for the noncompliance, and the exemption shall apply for only one

school year. Requests for exemptions under this subdivision may be resubmitted in succeeding years;

(2) A school district may request of the state board a one-time, permanent revision of the base school year certificated salary percentage. The request shall show the reason or reasons for the revision.

[4.] **5.** Any school district requesting an exemption or revision under subsection [3] **4** of this section must notify the certified staff of the district in writing of the district's intent. Prior to granting an exemption or revision, the state board shall consider comments from certified staff of the district. The state board decision shall be final.

[5.] **6.** Any school district which is determined by the department to be in violation of the requirements of subsection 1 or 2 of this section, or both, shall compensate the building level administrative staff and nonadministrative certificated staff during the year following the notice of violation by an additional amount which is equal to one hundred ten percent of the amount necessary to bring the district into compliance with this section for the year of violation. In any year in which a penalty is paid, the district shall pay the penalty specified in this subsection in addition to the amount required under this section for the current school year.

[6.] **7.** Any additional transfers from the teachers or incidental funds to the capital projects funds beyond the transfers authorized by state law and state board policy in effect on January 1, 1996, shall be considered expenditures from the teachers or incidental fund for the purpose of determining compliance with the provisions of subsections 1 [and], 2 **and** 3 of this section.

[7.] **8.** The provisions of this section shall not apply to any district receiving state aid pursuant to subsection 6 of section 163.031, RSMo, based on its 1992-93 payment amount per eligible pupil, which is less than fifty percent of the statewide average payment amount per eligible pupil paid during the previous year.

165.122. 1. The commissioner of education may cause an audit examination to be performed, pursuant to this section, of the enrollment and average daily attendance records of any school district. Such examination shall be made in accordance with generally accepted auditing standards applicable in the circumstances, including such reviews and tests of the system of internal check and control and of the books, records and other underlying data as are necessary to enable the independent accountant performing the audit to come to an informed opinion as to the enrollment and attendance and reporting of the district. A physical count of students shall be a part of the audit. Such physical count shall occur on a date randomly selected without notice to the district. An independent auditor who is not regularly engaged as an employee of the school board shall perform the audit and make a written report of his findings to the commissioner of education and the district school board.

2. The actual and necessary costs of the audit shall be paid by the department.

166.260. There is hereby created the "Children At-Risk in Education Program" which shall be administered by the commissioner of education. The program shall be funded by moneys provided to school districts pursuant to line 14 of subsection 6 of section 163.031, RSMo, and used solely as determined by local boards of education for: reductions of class size in schools containing high concentrations of children who are least advantaged or who have specially identified educational needs according to rule and regulation of the state board of education; or the following:

(1) The program of half-day instruction for developmentally delayed and at-risk children established pursuant to section 167.260, RSMo;

(2) The program to provide teacher assistants in grades kindergarten through three established pursuant to section 167.263, RSMo;

(3) The program to provide guidance counselors in grades kindergarten through nine established pursuant to section 167.265, RSMo;

(4) The programs for pupils at risk of becoming high school dropouts established pursuant to section 167.270, RSMo, including specialized courses of instruction, alternative education programs for pregnant teens and teen mothers and supplemental services for teen mothers;

(5) The program of support services to pupils identified as having a high risk of dropping out of school established pursuant to section 167.280, RSMo;

(6) The program of professional development committees for in-service training on teaching children identified as at risk of failing in school pursuant to section 168.400, RSMo;

(7) A program to contract for mental health services to meet the needs of children who are identified as being at risk of failing school as a result of emotional or environmental factors. Eligible contractors shall be approved by the department of mental health;

(8) The program of special education and other special services for at-risk and handicapped children in grades kindergarten through third grade emphasizing prevention and early intervention, rather than remediation, known as the "Success for All Program"; [and]

(9) Paying for building site operating costs in the proportion that the free and reduced price meal eligible student count is to the total enrollment in that building; and

(10) Other programs as approved by the commissioner of education that are exclusively targeted to provide educational services for students who are least advantaged or who have specially identified educational needs.

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 1999 is less than the amount appropriated for the same purpose in fiscal year 1994 in addition to any unexpended appropriation for the 1998 fiscal year that results in additional unobligated resources for the state in fiscal year 1999 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] **2000** or any subsequent fiscal year is less than the amount appropriated for the same purpose in fiscal year [1994] **1999**, 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.] **2000 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 distributed in the manner provided in section 163.031, RSMo; and

(2) Beginning in fiscal year 2000, after distributing funds pursuant to subdivision (1) of this subsection, the next twenty-five million dollars, or such lesser amount determined by appropriation to be sufficient, of the remaining funds shall be transferred to fully fund increases in appropriations for transportation categorical aid provided pursuant to line 11 of subsection 6 of section 163.031, RSMo, and any remainder of such twenty-five million dollars shall be transferred to fund other categorical state aid provided pursuant to section 163.031, RSMo; provided that, for school year 1999-2000 only, such increase in transportation funding may be placed by districts in their capital projects fund and shall be placed as otherwise provided by law in all other years; and

(3) After distributing funds pursuant to subdivisions (1) and (2) of this subsection, the next twenty-five million dollars, or such 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 distributed in the manner provided in section 163.031, RSMo; and

(4) After distributing funds pursuant to subdivisions (1), (2) and (3) of this subsection, any remaining funds shall be transferred to fully fund categorical state aid provided pursuant to section 163.031, RSMo, for transportation, vocational education, special education, gifted education, remedial reading and implementation costs of assessments established pursuant to section 160.526, RSMo.

168.221. 1. The first [three] **five** 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] **five** 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. **Any principal who prior to becoming a principal had attained permanent employee status as a teacher shall upon ceasing to be a principal have a right to resume his or her permanent teacher position with the time served as a principal being treated as if such time had been served as a teacher for the purpose of calculating seniority and pay scale. The rights and duties and remuneration of a teacher who was formerly a principal shall be the same as any other teacher with the same level of qualifications and time of service.**

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.

168.231. 1. If the responsibility for teaching all or any group of students in a special school district located in a county of the first classification with a charter form of government and population of at least nine hundred thousand inhabitants is transferred or removed to one or more separate school districts by vote of the citizens, dissolution, annexation, court action, or any other authority under Missouri or federal laws, the latter school district or districts shall become the receiving or successor school district or districts.

2. The successor school district or districts shall honor the provisions of all teachers' contracts of teachers of the sending or prior school district who are employed by the successor school district pertaining to the tenure status or years of credit toward tenure or both of said teachers and their salary position on the salary schedule and fringe benefits.

3. This section shall only apply to the transfer of a academic, special education, vocational education or technical education program or athletic program from one school district identified in subsection 1 of this section to one or more separate school districts.

4. Nothing in this section shall be construed to require a successor district to employ any person.

170.250. 1. The "Video Instructional Development and Educational Opportunity Program" is established to encourage all educational institutions in Missouri to supplement educational opportunities through telecommunications technology and satellite broadcast instruction. The program established by this section is to be administered by the state board of education. The program shall consist of:

(1) Grants to local school districts, state-supported institutions of higher education and public television stations as defined in section 37.205, RSMo, for equipment and instruction;

(2) Instructional programs developed pursuant to this section and transmitted through the airwaves, over telephones lines, or by cable television which are available for all residents of this state without charge as defined in this section; and

(3) Instructional programs developed pursuant to this section which are available to any subscriber according to this section.

2. The "Video Instructional Development and Educational Opportunity Fund" is

established in the state treasury and shall be administered by the department of elementary and secondary education at the direction of the state board of education. Moneys deposited in the fund shall consist of revenues generated from state sales and use tax revenues as provided in chapter 144, RSMo, on the rental of films, records or any type of sound or picture transcriptions as provided in subsection 3 of this section. Moneys in the fund shall be used solely for purposes established by this section, except that the department of revenue shall retain no more than one percent of sales tax revenues collected for its administrative costs and all administrative costs of this program incurred by the department of elementary and secondary education shall be paid from this fund, which costs shall not exceed two percent. The administrative fees of the department of revenue and the department of elementary and secondary education shall be determined annually in the appropriation process. Any unexpended balance in the fund at the end of a fiscal year shall be exempt from the provisions of section 33.080, RSMo, relating to the transfer of unexpended balances to the general revenue fund.

3. Until December 31, 1994, the commissioner of administration shall annually estimate and furnish to the director of the department of revenue the appropriate amount of state tax revenues collected pursuant to chapter 144, RSMo, which are directly attributable to the rental of films, records or any type of sound or picture transcriptions. However, the estimate shall only include state sales and use tax revenues collected pursuant to chapter 144, RSMo, which are normally deposited in the state general revenue fund. The director of revenue shall transfer from state sales tax revenues an amount equal to the estimate to the fund provided in subsection 2 of this section. After December 31, 1994, the seller shall separately report on the return to the department of revenue, the aggregate amount of the gross receipts and the amount of tax collected on the rental of films, records or any type of sound or picture transcriptions. The director of revenue shall annually transfer state sales tax revenues collected on the rental of films, records or other type of sound or picture transcriptions, except revenues allocated to the school district trust fund pursuant to section 144.701, RSMo, to the video instructional development and educational opportunity fund. [Beginning January 1, 1999, such revenues shall be deposited to the credit of the general revenue fund.]

4. Within the department of elementary and secondary education, there is established an advisory committee which shall make recommendations to the state board of education on the grant program. The committee shall be composed of twenty-nine members. The members of the committee shall consist of one representative of public television stations as defined in section 37.205, RSMo, and one representative of the cable television industry appointed by the state board of education, one representative of public television stations as defined in section 37.205, RSMo, and one representative of the cable television industry appointed by the coordinating board for higher education, three classroom teachers from the elementary and secondary level appointed by the state board of education, three school administrators of elementary or secondary schools

appointed by the state board of education, three members of school boards of local public school districts appointed by the state board of education, four representatives from public community college districts appointed by the coordinating board for higher education, four representatives of state-supported institutions of higher education other than community colleges appointed by the coordinating board for higher education, one representative of the regional consortium for education and technology appointed by the state board of education, one representative of the cooperating school districts of the St. Louis suburban area appointed by the state board of education, two representatives of the public appointed by the governor with the advice and consent of the senate, two members of the senate appointed by the senate president pro tem and two members of the house of representatives appointed by the speaker of the house of representatives. Of all members appointed by the state board of education, no more than four shall be from any one congressional district and of all the members appointed by the coordinating board for higher education, no more than four shall be from any one congressional district. The members of the committee shall serve three-year terms and shall not serve more than two terms consecutively. However, committee members having served two consecutive terms may be reappointed after leaving the committee for at least one three-year term. On August 28, 1992, the committee shall designate nine of its members to serve a term of one year, ten of its members to serve a term of two years, and ten of its members to serve a term of three years. All subsequent appointments shall be for three years. All members shall receive no compensation for their services, but shall be reimbursed for the actual and necessary expenses incurred while serving on the committee out of funds appropriated for that purpose. The committee shall meet at least quarterly and shall annually issue a report together with its recommendations to the state board of education and the general assembly.

5. The state board of education may cooperate with existing programs including the University of Missouri, other institutions of higher education, the cooperating school districts of the St. Louis suburban area, or its successor organization, the regional consortium for education and technology or its successor organization, and any statewide organization of public school governing boards and may delegate or contract for the performance or operation of the respective grant programs. The state board of education shall establish appropriate guidelines for participation by the aforementioned entities and by school districts, community college districts, and public television stations as defined in section 37.205, RSMo, in the grant program. Such guidelines shall include application procedures and shall establish policies for awarding grants in the event that more grant applications are received than are funds available to honor the applications in any fiscal year. In allocating funds to applicants, the state board of education may give due consideration to revenues available from all other sources. The state board of education shall accredit courses offered through this program at the elementary and secondary education level. The coordinating board for higher education shall approve courses taught at the

postsecondary level.

6. In any fiscal year, moneys in the fund shall be used first to ensure that any and all school districts, community college districts and state institutions of higher education seeking aid under this program shall receive telecommunications equipment including computers and modems necessary to participate in the satellite learning process or instructional television video; second to provide the school districts, community college districts and state institutions of higher education with access to subjects at the advanced level or the remedial level or which are not taught in the schools of the district or the service area or campus, which subjects shall include courses in continuing education necessary for maintenance or renewal of licenses for all such licensed health care providers; and third to provide enrichment classes for all pupils of the district. However, the state board of education may set aside a portion of the funds to be used to contract with state-supported institutions of higher education and public television stations as defined in section 37.205, RSMo, to develop instructional programs for grades kindergarten through twelve and for undergraduate and graduate course work suitable for broadcast to the school districts, community college districts and state institutions of higher education as appropriate and to develop the capability to transmit programs cited in this section.

7. Participation by a local school district, a community college district or a state institution of higher education in the program established by this section shall be voluntary. No school district, community college district or state institution of higher education receiving funds under this program shall use those funds for any purpose other than that for which they were intended. Any school district, community college district or state institution of higher education shall be eligible to receive funds under this program regardless of its curriculum, local wealth or previous contractual arrangements to receive satellite broadcast instruction.

8. The office of administration on behalf of the state of Missouri may contract with institutions of higher education for the development or operation or both of state employee training programs transmitted by telecommunications technology.

9. Instructional programs developed pursuant to this section which are transmitted one way through the airwaves or by cable television shall be available to all residents of this state without charge or fee to the extent permitted by the Missouri Constitution. "Without charge or fee" shall not require the providing of equipment to transmit or receive telecommunications instruction or the providing of commercial cable television service. If the instructional program involves two-way, interactive communication between the instructor and the participant, the district or institution operating the program may prescribe academic prerequisites and limit the number of persons who may enroll in the specific program and give preference to residents of the district or institutional attendance area who are age twenty-one or younger but shall not discriminate against any resident on any other basis. A fee may be charged which shall be paid directly by the individual participant, but the fee shall be equal for all participants. If a

subscription fee is charged by the originator of the program, the district or institution may pay the subscription fee for all participants from the grant pursuant to this section or from any other public or private fund legally authorized to be used for this purpose. Printed materials designed to facilitate or complement telecommunications programs or electronic reproductions thereof may be made available for loan by the school district, community college or institution of higher education through the public library system subject to the normal rules and regulations of the lending system and in such quantities as may be approved by the governing body of the district or institution. Instructional programs which involve two-way, interactive communication between the instructor and the participant shall also be available to any not for profit organization in this state which is exempt from taxation pursuant to subdivision (19) of subsection 2 of section 144.030, RSMo, upon payment of a reasonable subscription fee as determined by the state board of education. Such fees shall be set on a per-participant, per-course basis. The district or institution or the state board of education may make telecommunication equipment available for purchase at cost by or rental to any not for profit organization in this state which is exempt from taxation pursuant to subdivision (19) of subsection 2 of section 144.030, RSMo.

10. (1) In order to facilitate or complement telecommunications, local exchange telecommunications companies shall file with the public service commission tariffs for provision of local service to public school districts, and may file tariffs for provision of local service to accredited primary or secondary schools owned or operated by private entities and community college districts located within the local exchange telecommunications companies certified area. Such local exchange telecommunications companies shall seek commission authorization to provide local service at rates lower than those charged for business and residential service in effect when the tariff is filed, provided that the proposed rates may not be below the actual cost of providing the service. Upon approval of the public service commission, the rates shall not be classified as discriminatory for the purposes of chapter 392, RSMo.

(2) The public service commission may approve the tariff as submitted, or may, after hearing, modify the tariff in the public interest. The commission may promulgate rules to aid in the implementation of this section.

178.930. 1. Until June 30, 1998, the department of elementary and secondary education shall pay monthly, out of the funds appropriated to it for that purpose, to each sheltered workshop a sum equal to eleven dollars multiplied by the number of six-hour or longer days worked by handicapped workers during the preceding calendar month. For each handicapped worker employed by a sheltered workshop for less than a six-hour day, the workshop shall receive a percentage of the eleven dollars based on the percentage of the six-hour day worked by the handicapped employee.

2. Beginning July 1, 1998, until June 30, 1999, the department of elementary and secondary education shall pay monthly, out of the funds appropriated to it for that purpose, to

each sheltered workshop a sum equal to twelve dollars multiplied by the number of six-hour or longer days worked by handicapped workers during the preceding calendar month. For each handicapped worker employed by a sheltered workshop for less than a six-hour day, the workshop shall receive a percentage of the twelve dollars based on the percentage of the six-hour day worked by the handicapped employee.

3. Beginning July 1, [2000] **1999**, and thereafter, the department of elementary and secondary education shall pay monthly, out of the funds appropriated to it for that purpose, to each sheltered workshop a sum equal to thirteen dollars multiplied by the number of six-hour or longer days worked by handicapped workers during the preceding calendar month. For each handicapped worker employed by a sheltered workshop for less than a six-hour day, the workshop shall receive a percentage of the thirteen dollars based on the percentage of the six-hour day worked by the handicapped employee.

4. The department shall accept, as prima facie proof of payment due to a sheltered workshop, a statement signed by the president and secretary of the sheltered workshop, setting forth the dates worked and the number of hours worked each day by each handicapped person employed by that sheltered workshop during the preceding calendar month, together with any other information required by the rules or regulations of the department.

Section 1. 1. The provisions of this section shall be known and may be cited as the "St. Louis Students' Bill of Rights".

2. For the purposes of this section, "district" means a metropolitan school district, as defined in section 160.011, RSMo.

3. Each district shall reinstitute the basic kindergarten through eighth system of grade schools within the district.

4. Every child within the district of the appropriate age and appropriate aptitude for discipline and openness to instruction shall have the right to attend a basic kindergarten through eighth grade school.

5. Every child within the district shall have the right to attend such school closest to such child's home.

6. Every child within the district shall have the right to transfer to any other such school within the district.

7. The district shall have the right to transport children to relieve overcrowding. Transportation to relieve overcrowding shall be performed in such a manner as to fill in school seats in buildings that have surplus seats, but shall not be permitted to displace any child who has elected to attend the school located closest to such child's home.

8. The per pupil expenditure of funds for the cost of education shall be equalized to the greatest extent possible, with appropriate variation allowable in order to accommodate the special remedial needs of children who test below grade level and the

needs of gifted children.

9. Schools for gifted children with accelerated academic programs shall be established and evenly distributed across the district. The district shall have the right to transport children to and from schools for the gifted. Children who attend schools for the gifted shall have the right to attend such school which is located closest to such child's home and shall have the right to transfer to or attend any other school for the gifted within the district.

10. The provisions of the "St. Louis Students' Bill of Rights" shall only become effective upon approval by a majority of the voters of the City of St. Louis voting thereon. The governing board of the transitional district established pursuant to section 162.1100 of this act may conduct a legal analysis of the program enumerated in this section, shall publish any such analysis and make the analysis available to the public and shall propose, to the extent that the program is consistent with the Missouri and United States Constitutions, place before the voters of the City of St. Louis no later than March 15, 1999, a proposal to implement the program. If approved by a majority of such voters, the program shall be implemented consistent with the Missouri and United States Constitutions.

11. The proposal shall be submitted substantially as follows:

Shall the St. Louis School District reinstitute the basic kindergarten through eighth grade neighborhood school system within the district and be required to permit students to attend the school closest to their home?

G YES

G NO

Section 2. 1. The public school retirement system of the Kansas City school district, the public school retirement system of the St. Louis city school district, and the public school retirement system shall jointly undertake a feasibility study to include the following issues:

- (1) Improving portability of benefits between systems;
- (2) The technical issues involved in portability of benefits between social security and nonsocial security systems;
- (3) Potential centralized administration of the systems.

The overall goal of the study is to suggest means by which portability of retirement benefits may promote teacher recruitment and retention in all school districts.

2. The joint committee on public employee retirement shall provide necessary assistance in the coordination of the study.

3. The study shall be presented by the joint committee on public employee retirement to the president pro tem of the senate and the speaker of the house of representatives no later than November 1, 1999.

Section 3. Notwithstanding the provisions of section 163.011, RSMo, to the

contrary, beginning with the 1997-1998 payment year, the calculation of the magnitude of a tax rate decrease due to reassessment shall exclude any voted increase occurring in the year of reassessment dating from tax year 1995.

Section 4. 1. A charter school is an independent, publicly supported school.

2. Charter schools may be operated only in a metropolitan school district or in an urban school district containing most or all of a city with a population greater than three hundred fifty thousand inhabitants and may be sponsored by any of the following:

(1) The school board of the district;

(2) A public four-year college or university with its primary campus in the school district or in a county adjacent to the county in which the district is located, with an approved teacher education program that meets regional or national standards of accreditation; or

(3) A community college located in the district.

3. A maximum of five percent of the school buildings currently in use for instructional purposes in a district may be converted to charter schools. This limitation does not apply to vacant buildings or buildings not used for instructional purposes.

4. 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.

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

6. As a nonprofit corporation incorporated pursuant to chapter 355, RSMo, the charter school shall select the method for election of officers pursuant to section 355.326, RSMo, based on the class of corporation selected. Meetings of the governing board of the charter school shall be subject to the provisions of sections 610.010 to 610.030, RSMo, the open meetings law.

7. A sponsor of a charter school, its agents and employees are not 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.

8. A charter school may affiliate with a four-year college or university, including a private college or university, or a community college as otherwise specified in subsection 2 of this section when its charter is granted by a sponsor other than such college, university or community college. Affiliation status recognizes a relationship between the charter school and the college or university for purposes of teacher

training and staff development, curriculum and assessment development, use of physical facilities owned by or rented on behalf of the college or university, and other similar purposes. The primary campus of the college or university must be located within the county in which the school district lies wherein the charter school is located or in a county adjacent to the county in which the district is located. A university, college or community college may not charge or accept a fee for affiliation status.

9. No university, college or community college shall grant a charter to a nonprofit corporation if an employee of the university, college or community college is a member of the corporation's board of directors.

Section 5. 1. A person, group or organization seeking to establish a charter school shall submit the proposed charter, as provided in this section, to a sponsor. If the sponsor is not a school board, the applicant shall give a copy of its application to the school board of the district in which the charter school is to be located, when the application is filed with the proposed sponsor. The school board may file objections with the proposed sponsor, and, if a charter is granted, the school board may file objections with the state board of education. 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, personnel qualifications, and professional development plan, 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, RSMo, 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;

(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 proposed charter is denied by a sponsor, the proposed charter may be submitted to the state board of education, along with the sponsor's written reasons for its denial. If the state board determines that the applicant meets the requirements of this section and that granting a charter to the applicant would be likely to provide educational benefit to the children of the district, the state board may grant a charter and act as sponsor of the charter school; and

(4) The sponsor of a charter school shall give priority to charter school applicants that propose a school oriented to high-risk students and to the re-entry of dropouts into the school system. If a sponsor grants three or more charters, at least one-third of the charters granted by the sponsor shall be to schools that actively recruit dropouts or high-risk students as their student body and address the needs of dropouts or high-risk students through their proposed mission, curriculum, teaching methods, and services. For purposes of this subsection, a "high-risk" student is one who is at least one year behind in satisfactory completion of course work or obtaining credits for graduation, pregnant or a parent, homeless or has been homeless sometime within the preceding six months, has limited English proficiency, has been suspended from school three or more times, or has been referred by the school district for enrollment in an alternative program. "Dropout" shall be defined through the guidelines of the school core data report. The provisions of this subsection do not apply to charters sponsored by the state board of education.

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 4 to 8 of this act.

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 4 to 8 of this act, be exempt from all laws and

rules relating to schools, governing boards and school districts;

(4) Be financially accountable, use practices consistent with the Missouri financial accounting manual, 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. A charter school that incurs debt must include a repayment plan in its financial plan;

(5) Provide a comprehensive program of instruction for at least one grade or age group from kindergarten through grade twelve, which may include early childhood education if funding for such programs is established by statute, 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, RSMo, 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 statewide system of assessments, comprised of the essential skills tests and the nationally standardized norm-referenced achievement tests, as designated by the state board pursuant to section 160.518, RSMo, complete and distribute an annual report card as prescribed in section 160.522, RSMo, 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, and provide data required for the study of charter schools pursuant to subsection 3 of section 6 of this act. No charter school will be considered in the Missouri school improvement program review of the district in which it is located for the resource or process standards of the program. Nothing in this paragraph shall be construed as permitting a charter school to be held to lower performance standards than other public schools within a district; however, the charter of a charter school may permit students to meet performance standards on a different time frame as specified in its charter;

(7) Assure that the needs of special education children are met in compliance with all applicable federal and state laws and regulations.

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.

Section 6. 1. A charter school shall enroll all pupils resident in the district in which it operates or eligible to attend a district's school under an urban voluntary transfer program 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 socioeconomically 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 based on 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. The department of elementary and secondary education shall commission a study of the performance of students at each charter school in comparison with a comparable group and a study of the impact of charter schools upon the districts in which they are located, to be conducted by a contractor selected through a request for proposal. The department of elementary and secondary education shall reimburse the contractor from funds appropriated by the general assembly for the purpose. The study of a charter school's student performance in relation to a comparable group shall be designed to provide information that would allow parents and educators to make valid comparisons of academic performance between the charter school's students and a group of students comparable to the students enrolled in the charter school. The impact study shall be undertaken every two years to determine the effect of charter schools on education stakeholders in the districts where charter schools are operated. The impact study may include, but is not limited to, determining if changes have been made in district policy or procedures attributable to the charter school and to perceived changes in attitudes and expectations on the part of district personnel, school board members, parents, students, the business community and other education stakeholders. The department of elementary and secondary education shall make the results of the studies public and shall deliver copies to the governing boards of the charter schools, the sponsors of the charter school, the school board and superintendent of the districts in which the charter schools are operated.

Section 7. 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. 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. (1) A school district having one or more resident pupils attending a charter

school shall pay to the charter school an annual amount equal to the product of the equalized, adjusted operating levy for school purposes for the pupils' district of residence for the current year times the guaranteed tax base per eligible pupil, as defined in section 163.011, RSMo, times the number of the district's resident pupils attending the charter school plus all other state aid attributable to such pupils, including summer school, if applicable, and all aid provided pursuant to section 163.031, RSMo.

(2) 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.

(3) The amounts provided pursuant to this subsection shall be prorated for partial year enrollment for a pupil.

(4) A school district shall pay the amounts due pursuant to this subsection as disbursal agent and no later than twenty days following receipt of any such funds.

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 of this section and shall deduct the same amount from the next state school aid apportionment to the owing school district. If a charter school is paid more or less than the amounts due pursuant to subsection 2 of this section, the amount of overpayment or underpayment shall be adjusted in its next payment by the school district or the department of elementary and secondary education, as appropriate. Any dispute between the school district and a charter school as to the amount owing to the charter school shall be resolved by the department of elementary and secondary education, and the department's decision shall be the final administrative action for the purposes of review pursuant to chapter 536, RSMo.

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. Documented 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 be eligible for transportation state aid pursuant to section 163.161, RSMo, and shall be free to contract with the local district, or any other

entity, for the provision of transportation to the students of the charter school.

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 charter school district shall provide the special services provided pursuant to section 162.705, RSMo, and may provide the special services pursuant to a contract with a school district or any provider of such services.

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 and other capital items for charter schools that it sponsors or contracts with. Upon the dissolution of a charter school, any liabilities of the corporation will be satisfied through the procedures of chapter 355, RSMo.

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. 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 charter school or other public schools, or contrary to the terms of the charter.

Section 8. 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. The school district shall not be liable for any such employee's acts while an employee of the charter school.

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. All noncertificated instructional personnel shall be supervised by certified instructional 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. Personnel employed by the charter school shall 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.

Section 9. 1. Notwithstanding any other provision of law, for districts not making transfers pursuant to subsection 4 of section 165.011, RSMo, nor making payments or expenditures related to obligations made pursuant to section 177.088, RSMo, nor any combination of such transfers, payments or expenditures, the district's operating levy for school purposes shall include the sum of tax rates levied for incidental, teachers, debt service and capital projects funds, with no more than eighteen cents of the sum levied in the debt service and capital projects funds. Any portion of the operating levy for school purposes levied in the debt service and capital projects funds in excess of a sum of ten cents must be authorized by a vote of the people, after August 28, 1998, approving an increase in the operating levy, or a full waiver of the rollback pursuant to section 164.013, RSMo, with a tax rate ceiling in excess of the minimum tax rate or an issuance of general obligation bond.

2. Notwithstanding any other provision of law, beginning with the tax year which commences January 1, 1998, and for the 1998-99 school year and subsequent tax and school years, no school district shall receive more state aid, as calculated under section 163.031, RSMo, for its education program, exclusive of categorical add-ons, than it received per eligible pupil for the school year 1993-94, unless it has an operating levy for school purposes of not less than two dollars and seventy-five cents after all adjustments and reductions, with no more than ten cents of this tax rate levied in the debt service and capital projects funds and eligible for entry on line 1 of the state school aid formula contained in subsection 6 of section 163.031, RSMo; except that any district which is required, pursuant to article X, section 22 of the Missouri Constitution, to reduce its operating levy below the minimum tax rate otherwise required under

subsection 2 of section 163.021, RSMo, shall not be construed to be in violation of subsection 2 of section 163.021, RSMo, for making such tax rate reduction.

3. Notwithstanding any other provision of law, the portion of state aid received by the district pursuant to section 163.031, RSMo, based upon the portion of the tax rate in the debt service or capital projects funds, respectively, which is included in the operating levy for school purposes shall be placed to the credit of the debt service fund or capital projects fund, respectively.

Section B. 1. The repeal and reenactment of sections 163.011 and 163.031 of this act and the enactment of section 162.1060 shall become effective on July 1, 1999, if notification has been provided pursuant to subsection 2 of this section.

2. On or within thirty days prior to March 15, 1999, the attorney general shall provide notice to the revisor of statutes as to whether a final judgment as to the state of Missouri and its officials is entered or has been entered in each pending case as of May 15, 1998, which subjects one or more school districts in this state to a federal court's jurisdiction, and if the notice provides that a final judgment as to the state of Missouri and its officials has not been entered in each such case, the repeal and reenactment of sections 163.011 and 163.031 of this act and the enactment of section 162.1060 of this act shall not become effective. As used in 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 appeals has been rendered and may include a consent judgment. Provided, however that a settlement among the parties may include provisions for payment for capital to be made after March 15, 1999, as long as the final judgment approving such settlement fixes with finality the financial obligations of the state.

✓

Copy