

FIRST REGULAR SESSION

# HOUSE BILL NO. 41

98TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE WOOD.

0043L.011

D. ADAM CRUMBLISS, Chief Clerk

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## AN ACT

To repeal section 163.031 as enacted by house bill no. 1689, ninety-seventh general assembly, second regular session, and to enact in lieu thereof one new section relating to state aid for schools.

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

Section A. Section 163.031 as enacted by house bill no. 1689, ninety-seventh general assembly, second regular session, is repealed and one new section enacted in lieu thereof, to be known as section 163.031, to read as follows:

163.031. 1. The department of elementary and secondary education shall calculate and distribute to each school district qualified to receive state aid under section 163.021 an amount determined by multiplying the district's weighted average daily attendance by the state adequacy target, multiplying this product by the dollar value modifier for the district, and subtracting from this product the district's local effort and[, in years not governed under subsection 4 of this section,] subtracting payments from the classroom trust fund under section 163.043.

2. Other provisions of law to the contrary notwithstanding:

(1) For districts with an average daily attendance of more than three hundred fifty in the school year preceding the payment year:

(a) [For the 2006-07 school year, the state revenue per weighted average daily attendance received by a district from the state aid calculation under subsections 1 and 4 of this section, as applicable, and the classroom trust fund under section 163.043 shall not be less than the state revenue received by a district in the 2005-06 school year from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts multiplied by the sum of one plus the product of one-third multiplied by the remainder of the

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 dollar value modifier minus one, and dividing this product by the weighted average daily  
17 attendance computed for the 2005-06 school year;

18 (b) For the 2007-08 school year, the state revenue per weighted average daily attendance  
19 received by a district from the state aid calculation under subsections 1 and 4 of this section, as  
20 applicable, and the classroom trust fund under section 163.043 shall not be less than the state  
21 revenue received by a district in the 2005-06 school year from the foundation formula, line 14,  
22 gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts  
23 multiplied by the sum of one plus the product of two-thirds multiplied by the remainder of the  
24 dollar value modifier minus one, and dividing this product by the weighted average daily  
25 attendance computed for the 2005-06 school year;

26 (c) For the 2008-09 school year, the state revenue per weighted average daily attendance  
27 received by a district from the state aid calculation under subsections 1 and 4 of this section, as  
28 applicable, and the classroom trust fund under section 163.043 shall not be less than the state  
29 revenue received by a district in the 2005-06 school year from the foundation formula, line 14,  
30 gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts  
31 multiplied by the dollar value modifier, and dividing this product by the weighted average daily  
32 attendance computed for the 2005-06 school year;

33 [(d)] (b) For each year subsequent to the 2008-09 school year, the amount shall be no  
34 less than that computed in paragraph [(c)] (a) of this subdivision, multiplied by the weighted  
35 average daily attendance pursuant to section 163.036, less any increase in revenue received from  
36 the classroom trust fund under section 163.043;

37 (2) For districts with an average daily attendance of three hundred fifty or less in the  
38 school year preceding the payment year:

39 (a) [For the 2006-07 school year, the state revenue received by a district from the state  
40 aid calculation under subsections 1 and 4 of this section, as applicable, and the classroom trust  
41 fund under section 163.043 shall not be less than the greater of state revenue received by a  
42 district in the 2004-05 or 2005-06 school year from the foundation formula, line 14, gifted,  
43 remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts  
44 multiplied by the sum of one plus the product of one-third multiplied by the remainder of the  
45 dollar value modifier minus one;

46 (b) For the 2007-08 school year, the state revenue received by a district from the state  
47 aid calculation under subsections 1 and 4 of this section, as applicable, and the classroom trust  
48 fund under section 163.043 shall not be less than the greater of state revenue received by a  
49 district in the 2004-05 or 2005-06 school year from the foundation formula, line 14, gifted,  
50 remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts

51 multiplied by the sum of one plus the product of two-thirds multiplied by the remainder of the  
52 dollar value modifier minus one;

53 (c)] For the 2008-09 school year, the state revenue received by a district from the state  
54 aid calculation under subsections 1 and 4 of this section, as applicable, and the classroom trust  
55 fund under section 163.043 shall not be less than the greater of state revenue received by a  
56 district in the 2004-05 or 2005-06 school year from the foundation formula, line 14, gifted,  
57 remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts  
58 multiplied by the dollar value modifier;

59 [(d)] (b) For each year subsequent to the 2008-09 school year, the amount shall be no  
60 less than that computed in paragraph [(c)] (a) of this subdivision;

61 (3) The department of elementary and secondary education shall make an addition in the  
62 payment amount specified in subsection 1 of this section to assure compliance with the  
63 provisions contained in this subsection.

64 3. School districts that meet the requirements of section 163.021 shall receive categorical  
65 add-on revenue as provided in this subsection. The categorical add-on for the district shall be  
66 the sum of: seventy-five percent of the district allowable transportation costs under section  
67 163.161; the career ladder entitlement for the district, as provided for in sections 168.500 to  
68 168.515; the vocational education entitlement for the district, as provided for in section 167.332;  
69 and the district educational and screening program entitlements as provided for in sections  
70 178.691 to 178.699. The categorical add-on revenue amounts may be adjusted to accommodate  
71 available appropriations.

72 4. [In the 2006-07 school year and each school year thereafter for five years, those  
73 districts entitled to receive state aid under the provisions of subsection 1 of this section shall  
74 receive state aid in an amount as provided in this subsection.

75 (1) For the 2006-07 school year, the amount shall be fifteen percent of the amount of  
76 state aid calculated for the district for the 2006-07 school year under the provisions of subsection  
77 1 of this section, plus eighty-five percent of the total amount of state revenue received by the  
78 district for the 2005-06 school year from the foundation formula, line 14, gifted, remedial  
79 reading, exceptional pupil aid, fair share, and free textbook payments less any amounts received  
80 under section 163.043.

81 (2) For the 2007-08 school year, the amount shall be thirty percent of the amount of state  
82 aid calculated for the district for the 2007-08 school year under the provisions of subsection 1  
83 of this section, plus seventy percent of the total amount of state revenue received by the district  
84 for the 2005-06 school year from the foundation formula, line 14, gifted, remedial reading,  
85 exceptional pupil aid, fair share, and free textbook payments less any amounts received under  
86 section 163.043.

87 (3) For the 2008-09 school year, the amount of state aid shall be forty-four percent of the  
88 amount of state aid calculated for the district for the 2008-09 school year under the provisions  
89 of subsection 1 of this section plus fifty-six percent of the total amount of state revenue received  
90 by the district for the 2005-06 school year from the foundation formula, line 14, gifted, remedial  
91 reading, exceptional pupil aid, fair share, and free textbook payments less any amounts received  
92 under section 163.043.

93 (4) For the 2009-10 school year, the amount of state aid shall be fifty-eight percent of  
94 the amount of state aid calculated for the district for the 2009-10 school year under the provisions  
95 of subsection 1 of this section plus forty-two percent of the total amount of state revenue  
96 received by the district for the 2005-06 school year from the foundation formula, line 14, gifted,  
97 remedial reading, exceptional pupil aid, fair share, and free textbook payments less any amounts  
98 received under section 163.043.

99 (5) For the 2010-11 school year, the amount of state aid shall be seventy-two percent of  
100 the amount of state aid calculated for the district for the 2010-11 school year under the provisions  
101 of subsection 1 of this section plus twenty-eight percent of the total amount of state revenue  
102 received by the district for the 2005-06 school year from the foundation formula, line 14, gifted,  
103 remedial reading, exceptional pupil aid, fair share, and free textbook payments less any amounts  
104 received under section 163.043.

105 (6) For the 2011-12 school year, the amount of state aid shall be eighty-six percent of  
106 the amount of state aid calculated for the district for the 2011-12 school year under the provisions  
107 of subsection 1 of this section plus fourteen percent of the total amount of state revenue received  
108 by the district for the 2005-06 school year from the foundation formula, line 14, gifted, remedial  
109 reading, exceptional pupil aid, fair share, and free textbook payments less any amounts received  
110 under section 163.043.

111 (7) (a) a. For the 2006-07 school year, if a school district experiences a decrease in  
112 summer school average daily attendance of more than twenty percent from the district's 2005-06  
113 summer school average daily attendance, an amount equal to the product of the percent reduction  
114 that is in excess of twenty percent of the district's summer school average daily attendance  
115 multiplied by the funds generated by the district's summer school program in the 2005-06 school  
116 year shall be subtracted from the district's current year payment amount.

117 b. For the 2007-08 school year, if a school district experiences a decrease in summer  
118 school average daily attendance of more than thirty percent from the district's 2005-06 summer  
119 school average daily attendance, an amount equal to the product of the percent reduction that is  
120 in excess of thirty percent of the district's summer school average daily attendance multiplied by  
121 the funds generated by the district's summer school program in the 2005-06 school year shall be  
122 subtracted from the district's payment amount.

123 c. For the 2008-09 school year, if a school district experiences a decrease in summer  
124 school average daily attendance of more than thirty-five percent from the district's 2005-06  
125 summer school average daily attendance, an amount equal to the product of the percent reduction  
126 that is in excess of thirty-five percent of the district's summer school average daily attendance  
127 multiplied by the funds generated by the district's summer school program in the 2005-06 school  
128 year shall be subtracted from the district's payment amount.

129 d. Notwithstanding the provisions of this paragraph, no such reduction shall be made in  
130 the case of a district that is receiving a payment under section 163.044 or any district whose  
131 regular school term average daily attendance for the preceding year was three hundred fifty or  
132 less.

133 e. This paragraph shall not be construed to permit any reduction applied under this  
134 paragraph to result in any district receiving a current-year payment that is less than the amount  
135 calculated for such district under subsection 2 of this section.

136 (b) If a school district experiences a decrease in its gifted program enrollment of more  
137 than twenty percent from its 2005-06 gifted program enrollment in any year governed by this  
138 subsection, an amount equal to the product of the percent reduction in the district's gifted  
139 program enrollment multiplied by the funds generated by the district's gifted program in the  
140 2005-06 school year shall be subtracted from the district's current year payment amount.

141 5.] For any school district meeting the eligibility criteria for state aid as established in  
142 section 163.021, but which is considered an option district under section 163.042 and therefore  
143 receives no state aid, the commissioner of education shall present a plan to the superintendent  
144 of the school district for the waiver of rules and the duration of said waivers, in order to promote  
145 flexibility in the operations of the district and to enhance and encourage efficiency in the delivery  
146 of instructional services as provided in section 163.042.

147 [6.] 5. (1) No less than seventy-five percent of the state revenue received under the  
148 provisions of subsections 1[, **and** 2[, and 4] of this section shall be placed in the teachers' fund,  
149 and the remaining percent of such moneys shall be placed in the incidental fund. No less than  
150 seventy-five percent of one-half of the funds received from the school district trust fund  
151 distributed under section 163.087 shall be placed in the teachers' fund. One hundred percent of  
152 revenue received under the provisions of section 163.161 shall be placed in the incidental fund.  
153 One hundred percent of revenue received under the provisions of sections 168.500 to 168.515  
154 shall be placed in the teachers' fund.

155 (2) A school district shall spend for certificated compensation and tuition expenditures  
156 each year:

157 (a) An amount equal to at least seventy-five percent of the state revenue received under  
158 the provisions of subsections 1[, **and** 2[, and 4] of this section;

159 (b) An amount equal to at least seventy-five percent of one-half of the funds received  
160 from the school district trust fund distributed under section 163.087 during the preceding school  
161 year; and

162 (c) Beginning in fiscal year 2008, as much as was spent per the second preceding year's  
163 weighted average daily attendance for certificated compensation and tuition expenditures the  
164 previous year from revenue produced by local and county tax sources in the teachers' fund, plus  
165 the amount of the incidental fund to teachers' fund transfer calculated to be local and county tax  
166 sources by dividing local and county tax sources in the incidental fund by total revenue in the  
167 incidental fund.

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169 In the event a district fails to comply with this provision, the amount by which the district fails  
170 to spend funds as provided herein shall be deducted from the district's state revenue received  
171 under the provisions of subsections 1[,], **and** 2[,], and 4] of this section for the following year,  
172 provided that the state board of education may exempt a school district from this provision if the  
173 state board of education determines that circumstances warrant such exemption.

174 [7.] **6.** If a school district's annual audit discloses that students were inappropriately  
175 identified as eligible for free and reduced lunch, special education, or limited English proficiency  
176 and the district does not resolve the audit finding, the department of elementary and secondary  
177 education shall require that the amount of aid paid pursuant to the weighting for free and reduced  
178 lunch, special education, or limited English proficiency in the weighted average daily attendance  
179 on the inappropriately identified pupils be repaid by the district in the next school year and shall  
180 additionally impose a penalty of one hundred percent of such aid paid on such pupils, which  
181 penalty shall also be paid within the next school year. Such amounts may be repaid by the  
182 district through the withholding of the amount of state aid.

183 [8.] **7.** Notwithstanding any provision of law to the contrary, in any fiscal year during  
184 which the total formula appropriation is insufficient to fully fund the entitlement calculation of  
185 this section, the department of elementary and secondary education shall adjust the state  
186 adequacy target in order to accommodate the appropriation level for the given fiscal year. In no  
187 manner shall any payment modification be rendered for any district qualified to receive payments  
188 under subsection 2 of this section based on insufficient appropriations.

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