

FIRST REGULAR SESSION

# SENATE BILL NO. 17

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR ARTHUR.

1113S.01H

KRISTINA MARTIN, Secretary

## AN ACT

To repeal section 163.011, RSMo, and to enact in lieu thereof one new section relating to defined terms in the public school funding formula.

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

Section A. Section 163.011, RSMo, is repealed and one new  
2 section enacted in lieu thereof, to be known as section 163.011,  
3 to read as follows:

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

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

7 (2) "Average daily attendance", the quotient or the  
8 sum of the quotients obtained by dividing the total number  
9 of hours attended in a term by resident pupils between the  
10 ages of five and twenty-one by the actual number of hours  
11 school was in session in that term. To the average daily  
12 attendance of the following school term shall be added the  
13 full-time equivalent average daily attendance of summer  
14 school students. "Full-time equivalent average daily  
15 attendance of summer school students" shall be computed by  
16 dividing the total number of hours, except for physical  
17 education hours that do not count as credit toward  
18 graduation for students in grades nine, ten, eleven, and

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

19 twelve, attended by all summer school pupils by the number  
20 of hours required in section 160.011 in the school term.  
21 For purposes of determining average daily attendance under  
22 this subdivision, the term "resident pupil" shall include  
23 all children between the ages of five and twenty-one who are  
24 residents of the school district and who are attending  
25 kindergarten through grade twelve in such district. If a  
26 child is attending school in a district other than the  
27 district of residence and the child's parent is teaching in  
28 the school district or is a regular employee of the school  
29 district which the child is attending, then such child shall  
30 be considered a resident pupil of the school district which  
31 the child is attending for such period of time when the  
32 district of residence is not otherwise liable for tuition.  
33 Average daily attendance for students below the age of five  
34 years for which a school district may receive state aid  
35 based on such attendance shall be computed as regular school  
36 term attendance unless otherwise provided by law;

37 **(3) "Census Bureau performance district poverty**  
38 **percentage", one hundred times the number of school-age**  
39 **children estimated to live in poverty in every performance**  
40 **district that falls entirely above the bottom five percent**  
41 **and entirely below the top five percent of average daily**  
42 **attendance, when such districts are rank-ordered based on**  
43 **their current operating expenditures per average daily**  
44 **attendance, divided by the total number of school-age**  
45 **children estimated to live in all such included performance**  
46 **districts, as determined by the most recent data from the**  
47 **U.S. Census Bureau's Small Area Income and Poverty Estimates**  
48 **program;**

49 **(4) "Census Bureau poverty pupil count", the**  
50 **difference between the Census Bureau school district poverty**

51 percentage and the Census Bureau performance district  
52 poverty percentage, or zero, whichever is greater,  
53 multiplied by the district's average daily attendance figure;

54 (5) "Census Bureau school district poverty  
55 percentage", one hundred times the number of school-age  
56 children estimated to live in poverty in the school  
57 district, divided by total number of school-age children  
58 estimated to live in the school district, as determined by  
59 the most recent data from the U.S. Census Bureau's Small  
60 Area Income and Poverty Estimates Program;

61 [(3)] (6) "Current operating expenditures":

62 (a) For the fiscal year 2007 calculation, "current  
63 operating expenditures" shall be calculated using data from  
64 fiscal year 2004 and shall be calculated as all expenditures  
65 for instruction and support services except capital outlay  
66 and debt service expenditures minus the revenue from federal  
67 categorical sources; food service; student activities;  
68 categorical payments for transportation costs pursuant to  
69 section 163.161; state reimbursements for early childhood  
70 special education; the career ladder entitlement for the  
71 district, as provided for in sections 168.500 to 168.515;  
72 the vocational education entitlement for the district, as  
73 provided for in section 167.332; and payments from other  
74 districts;

75 (b) In every fiscal year subsequent to fiscal year  
76 2007, current operating expenditures shall be the amount in  
77 paragraph (a) of this subdivision plus any increases in  
78 state funding pursuant to sections 163.031 and 163.043  
79 subsequent to fiscal year 2005, not to exceed [five] ten  
80 percent, per recalculation, of the state revenue received by  
81 a district in the 2004-05 school year from the foundation  
82 formula, line 14, gifted, remedial reading, exceptional

83 pupil aid, fair share, and free textbook payments for any  
84 district from the first preceding calculation of the state  
85 adequacy target;

86 [(4)] (7) "District's tax rate ceiling", the highest  
87 tax rate ceiling in effect subsequent to the 1980 tax year  
88 or any subsequent year. Such tax rate ceiling shall not  
89 contain any tax levy for debt service;

90 [(5)] (8) "Dollar-value modifier", an index of the  
91 relative purchasing power of a dollar, calculated as one  
92 plus fifteen percent of the difference of the regional wage  
93 ratio minus one, provided that the dollar value modifier  
94 shall not be applied at a rate less than 1.0:

95 (a) "County wage per job", the total county wage and  
96 salary disbursements divided by the total county wage and  
97 salary employment for each county and the City of St. Louis  
98 as reported by the Bureau of Economic Analysis of the United  
99 States Department of Commerce for the fourth year preceding  
100 the payment year;

101 (b) "Regional wage per job":

102 a. The total Missouri wage and salary disbursements of  
103 the metropolitan area as defined by the Office of Management  
104 and Budget divided by the total Missouri metropolitan wage  
105 and salary employment for the metropolitan area for the  
106 county signified in the school district number or the City  
107 of St. Louis, as reported by the Bureau of Economic Analysis  
108 of the United States Department of Commerce for the fourth  
109 year preceding the payment year and recalculated upon every  
110 decennial census to incorporate counties that are newly  
111 added to the description of metropolitan areas; or if no  
112 such metropolitan area is established, then:

113 b. The total Missouri wage and salary disbursements of  
114 the micropolitan area as defined by the Office of Management

115 and Budget divided by the total Missouri micropolitan wage  
116 and salary employment for the micropolitan area for the  
117 county signified in the school district number, as reported  
118 by the Bureau of Economic Analysis of the United States  
119 Department of Commerce for the fourth year preceding the  
120 payment year, if a micropolitan area for such county has  
121 been established and recalculated upon every decennial  
122 census to incorporate counties that are newly added to the  
123 description of micropolitan areas; or

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

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

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

133 [(6)] (9) "Free and reduced price lunch pupil count",  
134 for school districts not eligible for and those that do not  
135 choose the USDA Community Eligibility Option, the number of  
136 pupils eligible for free and reduced price lunch on the last  
137 Wednesday in January for the preceding school year who were  
138 enrolled as students of the district, as approved by the  
139 department in accordance with applicable federal  
140 regulations. For eligible school districts that choose the  
141 USDA Community Eligibility Option, the free and reduced  
142 price lunch pupil count shall be the percentage of free and  
143 reduced price lunch students calculated as eligible on the  
144 last Wednesday in January of the most recent school year  
145 that included household applications to determine free and

146 reduced price lunch count multiplied by the district's  
147 average daily attendance figure;

148 [(7)] (10) "Free and reduced price lunch threshold"  
149 shall be calculated by dividing the total free and reduced  
150 price lunch pupil count of every performance district that  
151 falls entirely above the bottom five percent and entirely  
152 below the top five percent of average daily attendance, when  
153 such districts are rank-ordered based on their current  
154 operating expenditures per average daily attendance, by the  
155 total average daily attendance of all included performance  
156 districts;

157 [(8)] (11) "Limited English proficiency pupil count",  
158 the number in the preceding school year of pupils aged three  
159 through twenty-one enrolled or preparing to enroll in an  
160 elementary school or secondary school who were not born in  
161 the United States or whose native language is a language  
162 other than English or are Native American or Alaskan native,  
163 or a native resident of the outlying areas, and come from an  
164 environment where a language other than English has had a  
165 significant impact on such individuals' level of English  
166 language proficiency, or are migratory, whose native  
167 language is a language other than English, and who come from  
168 an environment where a language other than English is  
169 dominant; and have difficulties in speaking, reading,  
170 writing, or understanding the English language sufficient to  
171 deny such individuals the ability to meet the state's  
172 proficient level of achievement on state assessments  
173 described in Public Law 107-10, the ability to achieve  
174 successfully in classrooms where the language of instruction  
175 is English, or the opportunity to participate fully in  
176 society;

177            [(9)] (12) "Limited English proficiency threshold"  
178 shall be calculated by dividing the total limited English  
179 proficiency pupil count of every performance district that  
180 falls entirely above the bottom five percent and entirely  
181 below the top five percent of average daily attendance, when  
182 such districts are rank-ordered based on their current  
183 operating expenditures per average daily attendance, by the  
184 total average daily attendance of all included performance  
185 districts;

186            [(10)] (13) "Local effort":

187            (a) For the fiscal year 2007 calculation, "local  
188 effort" shall be computed as the equalized assessed  
189 valuation of the property of a school district in calendar  
190 year 2004 divided by one hundred and multiplied by the  
191 performance levy less the percentage retained by the county  
192 assessor and collector plus one hundred percent of the  
193 amount received in fiscal year 2005 for school purposes from  
194 intangible taxes, fines, escheats, payments in lieu of taxes  
195 and receipts from state-assessed railroad and utility tax,  
196 one hundred percent of the amount received for school  
197 purposes pursuant to the merchants' and manufacturers' taxes  
198 under sections 150.010 to 150.370, one hundred percent of  
199 the amounts received for school purposes from federal  
200 properties under sections 12.070 and 12.080 except when such  
201 amounts are used in the calculation of federal impact aid  
202 pursuant to P.L. 81-874, fifty percent of Proposition C  
203 revenues received for school purposes from the school  
204 district trust fund under section 163.087, and one hundred  
205 percent of any local earnings or income taxes received by  
206 the district for school purposes. Under this paragraph, for  
207 a special district established under sections 162.815 to  
208 162.940 in a county with a charter form of government and

209 with more than one million inhabitants, a tax levy of zero  
210 shall be utilized in lieu of the performance levy for the  
211 special school district;

212 (b) In every year subsequent to fiscal year 2007,  
213 "local effort" shall be the amount calculated under  
214 paragraph (a) of this subdivision plus any increase in the  
215 amount received for school purposes from fines. If a  
216 district's assessed valuation has decreased subsequent to  
217 the calculation outlined in paragraph (a) of this  
218 subdivision, the district's local effort shall be calculated  
219 using the district's current assessed valuation in lieu of  
220 the assessed valuation utilized in the calculation outlined  
221 in paragraph (a) of this subdivision. When a change in a  
222 school district's boundary lines occurs because of a  
223 boundary line change, annexation, attachment, consolidation,  
224 reorganization, or dissolution under section 162.071,  
225 162.081, sections 162.171 to 162.201, section 162.221,  
226 162.223, 162.431, 162.441, or 162.451, or in the event that  
227 a school district assumes any territory from a district that  
228 ceases to exist for any reason, the department of elementary  
229 and secondary education shall make a proper adjustment to  
230 each affected district's local effort, so that each  
231 district's local effort figure conforms to the new boundary  
232 lines of the district. The department shall compute the  
233 local effort figure by applying the calendar year 2004  
234 assessed valuation data to the new land areas resulting from  
235 the boundary line change, annexation, attachment,  
236 consolidation, reorganization, or dissolution and otherwise  
237 follow the procedures described in this subdivision;

238 [(11)] (14) "Membership" shall be the average of:

239 (a) The number of resident full-time students and the  
240 full-time equivalent number of part-time students who were

241 enrolled in the public schools of the district on the last  
242 Wednesday in September of the previous year and who were in  
243 attendance one day or more during the preceding ten school  
244 days; and

245 (b) The number of resident full-time students and the  
246 full-time equivalent number of part-time students who were  
247 enrolled in the public schools of the district on the last  
248 Wednesday in January of the previous year and who were in  
249 attendance one day or more during the preceding ten school  
250 days, plus the full-time equivalent number of summer school  
251 pupils. "Full-time equivalent number of part-time students"  
252 is determined by dividing the total number of hours for  
253 which all part-time students are enrolled by the number of  
254 hours in the school term. "Full-time equivalent number of  
255 summer school pupils" is determined by dividing the total  
256 number of hours for which all summer school pupils were  
257 enrolled by the number of hours required pursuant to section  
258 160.011 in the school term. Only students eligible to be  
259 counted for average daily attendance shall be counted for  
260 membership;

261 [(12)] (15) "Operating levy for school purposes", the  
262 sum of tax rates levied for teachers' and incidental funds  
263 plus the operating levy or sales tax equivalent pursuant to  
264 section 162.1100 of any transitional school district  
265 containing the school district, in the payment year, not  
266 including any equalized operating levy for school purposes  
267 levied by a special school district in which the district is  
268 located;

269 [(13)] (16) "Performance district", any district that  
270 has met performance standards and indicators as established  
271 by the department of elementary and secondary education for  
272 purposes of accreditation under section 161.092 and as

273 reported on the final annual performance report for that  
274 district each year; for calculations to be utilized for  
275 payments in fiscal years subsequent to fiscal year 2018, the  
276 number of performance districts shall not exceed twenty-five  
277 percent of all public school districts;

278 [(14)] (17) "Performance levy", three dollars and  
279 forty-three cents;

280 [(15)] (18) "School purposes" pertains to teachers'  
281 and incidental funds;

282 [(16)] (19) "Special education pupil count", the  
283 number of public school students with a current  
284 individualized education program or services plan and  
285 receiving services from the resident district as of December  
286 first of the preceding school year, except for special  
287 education services provided through a school district  
288 established under sections 162.815 to 162.940 in a county  
289 with a charter form of government and with more than one  
290 million inhabitants, in which case the sum of the students  
291 in each district within the county exceeding the special  
292 education threshold of each respective district within the  
293 county shall be counted within the special district and not  
294 in the district of residence for purposes of distributing  
295 the state aid derived from the special education pupil count;

296 [(17)] (20) "Special education threshold" shall be  
297 calculated by dividing the total special education pupil  
298 count of every performance district that falls entirely  
299 above the bottom five percent and entirely below the top  
300 five percent of average daily attendance, when such  
301 districts are rank-ordered based on their current operating  
302 expenditures per average daily attendance, by the total  
303 average daily attendance of all included performance  
304 districts;

305 [(18)] (21) "State adequacy target", the sum of the  
306 current operating expenditures of every performance district  
307 that falls entirely above the bottom five percent and  
308 entirely below the top five percent of average daily  
309 attendance, when such districts are rank-ordered based on  
310 their current operating expenditures per average daily  
311 attendance, divided by the total average daily attendance of  
312 all included performance districts. The department of  
313 elementary and secondary education shall first calculate the  
314 state adequacy target for fiscal year 2007 and recalculate  
315 the state adequacy target every two years using the most  
316 current available data. **For all recalculations provided in  
317 this subdivision, any increases in average daily attendance  
318 over ten percent, per recalculation, shall not be included  
319 in the calculation.** The recalculation shall never result in  
320 a decrease from the state adequacy target as calculated for  
321 fiscal years 2017 and 2018 and any state adequacy target  
322 figure calculated subsequent to fiscal year 2018. Should a  
323 recalculation result in an increase in the state adequacy  
324 target amount, fifty percent of that increase shall be  
325 included in the state adequacy target amount in the year of  
326 recalculation, and fifty percent of that increase shall be  
327 included in the state adequacy target amount in the  
328 subsequent year. The state adequacy target may be adjusted  
329 to accommodate available appropriations as provided in  
330 subsection 7 of section 163.031;

331 [(19)] (22) "Teacher", any teacher, teacher-secretary,  
332 substitute teacher, supervisor, principal, supervising  
333 principal, superintendent or assistant superintendent,  
334 school nurse, social worker, counselor or librarian who  
335 shall, regularly, teach or be employed for no higher than  
336 grade twelve more than one-half time in the public schools

337 and who is certified under the laws governing the  
338 certification of teachers in Missouri;

339 [(20)] (23) "Weighted average daily attendance", the  
340 average daily attendance plus the product of twenty-five  
341 hundredths multiplied by **the higher of** the free and reduced  
342 price lunch pupil count that exceeds the free and reduced  
343 price lunch threshold[, ] **or the Census Bureau poverty pupil**  
344 **count;** plus the product of seventy-five hundredths  
345 multiplied by the number of special education pupil count  
346 that exceeds the special education threshold, plus the  
347 product of six-tenths multiplied by the number of limited  
348 English proficiency pupil count that exceeds the limited  
349 English proficiency threshold. For special districts  
350 established under sections 162.815 to 162.940 in a county  
351 with a charter form of government and with more than one  
352 million inhabitants, weighted average daily attendance shall  
353 be **the higher of** the average daily attendance plus the  
354 product of twenty-five hundredths multiplied by the free and  
355 reduced price lunch pupil count that exceeds the free and  
356 reduced price lunch threshold[, ] **or the Census Bureau**  
357 **poverty pupil count;** plus the product of seventy-five  
358 hundredths multiplied by the sum of the special education  
359 pupil count that exceeds the threshold for each county  
360 district, plus the product of six-tenths multiplied by the  
361 limited English proficiency pupil count that exceeds the  
362 limited English proficiency threshold. None of the  
363 districts comprising a special district established under  
364 sections 162.815 to 162.940 in a county with a charter form  
365 of government and with more than one million inhabitants,  
366 shall use any special education pupil count in calculating  
367 their weighted average daily attendance.

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