

FIRST REGULAR SESSION

# SENATE BILL NO. 353

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR HOUGH.

1344S.01I

KRISTINA MARTIN, Secretary

## AN ACT

To repeal section 163.011, RSMo, and to enact in lieu thereof one new section relating to method of calculating state aid.

*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Section A. Section 163.011, RSMo, is repealed and one new  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) "Current operating expenditures":

38 (a) For the fiscal year 2007 calculation, "current  
39 operating expenditures" shall be calculated using data from  
40 fiscal year 2004 and shall be calculated as all expenditures  
41 for instruction and support services except capital outlay  
42 and debt service expenditures minus the revenue from federal  
43 categorical sources; food service; student activities;  
44 categorical payments for transportation costs pursuant to  
45 section 163.161; state reimbursements for early childhood  
46 special education; the career ladder entitlement for the  
47 district, as provided for in sections 168.500 to 168.515;  
48 the vocational education entitlement for the district, as  
49 provided for in section 167.332; and payments from other  
50 districts;

51           (b) In every fiscal year subsequent to fiscal year  
52 2007, current operating expenditures shall be the amount in  
53 paragraph (a) of this subdivision plus any increases in  
54 state funding pursuant to sections 163.031 and 163.043  
55 subsequent to fiscal year 2005, not to exceed [five] **eight**  
56 percent, per recalculation, of the state revenue received by  
57 a district in the 2004-05 school year from the foundation  
58 formula, line 14, gifted, remedial reading, exceptional  
59 pupil aid, fair share, and free textbook payments for any  
60 district from the first preceding calculation of the state  
61 adequacy target;

62           (4) "District's tax rate ceiling", the highest tax  
63 rate ceiling in effect subsequent to the 1980 tax year or  
64 any subsequent year. Such tax rate ceiling shall not  
65 contain any tax levy for debt service;

66           (5) "Dollar-value modifier", an index of the relative  
67 purchasing power of a dollar, calculated as one plus fifteen  
68 percent of the difference of the regional wage ratio minus  
69 one, provided that the dollar value modifier shall not be  
70 applied at a rate less than 1.0:

71           (a) "County wage per job", the total county wage and  
72 salary disbursements divided by the total county wage and  
73 salary employment for each county and the City of St. Louis  
74 as reported by the Bureau of Economic Analysis of the United  
75 States Department of Commerce for the fourth year preceding  
76 the payment year;

77           (b) "Regional wage per job":

78           a. The total Missouri wage and salary disbursements of  
79 the metropolitan area as defined by the Office of Management  
80 and Budget divided by the total Missouri metropolitan wage  
81 and salary employment for the metropolitan area for the  
82 county signified in the school district number or the City

83 of St. Louis, as reported by the Bureau of Economic Analysis  
84 of the United States Department of Commerce for the fourth  
85 year preceding the payment year and recalculated upon every  
86 decennial census to incorporate counties that are newly  
87 added to the description of metropolitan areas; or if no  
88 such metropolitan area is established, then:

89       b. The total Missouri wage and salary disbursements of  
90 the micropolitan area as defined by the Office of Management  
91 and Budget divided by the total Missouri micropolitan wage  
92 and salary employment for the micropolitan area for the  
93 county signified in the school district number, as reported  
94 by the Bureau of Economic Analysis of the United States  
95 Department of Commerce for the fourth year preceding the  
96 payment year, if a micropolitan area for such county has  
97 been established and recalculated upon every decennial  
98 census to incorporate counties that are newly added to the  
99 description of micropolitan areas; or

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

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

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

109       (6) "Free and reduced price lunch pupil count", for  
110 school districts not eligible for and those that do not  
111 choose the USDA Community Eligibility Option, the number of  
112 pupils eligible for free and reduced price lunch on the last  
113 Wednesday in January for the preceding school year who were  
114 enrolled as students of the district, as approved by the

115 department in accordance with applicable federal  
116 regulations. For eligible school districts that choose the  
117 USDA Community Eligibility Option, the free and reduced  
118 price lunch pupil count shall be the percentage of free and  
119 reduced price lunch students calculated as eligible on the  
120 last Wednesday in January of the most recent school year  
121 that included household applications to determine free and  
122 reduced price lunch count multiplied by the district's  
123 average daily attendance figure;

124 (7) "Free and reduced price lunch threshold" shall be  
125 calculated by dividing the total free and reduced price  
126 lunch pupil count of every performance district that falls  
127 entirely above the bottom five percent and entirely below  
128 the top five percent of average daily attendance, when such  
129 districts are rank-ordered based on their current operating  
130 expenditures per average daily attendance, by the total  
131 average daily attendance of all included performance  
132 districts;

133 (8) "Limited English proficiency pupil count", the  
134 number in the preceding school year of pupils aged three  
135 through twenty-one enrolled or preparing to enroll in an  
136 elementary school or secondary school who were not born in  
137 the United States or whose native language is a language  
138 other than English or are Native American or Alaskan native,  
139 or a native resident of the outlying areas, and come from an  
140 environment where a language other than English has had a  
141 significant impact on such individuals' level of English  
142 language proficiency, or are migratory, whose native  
143 language is a language other than English, and who come from  
144 an environment where a language other than English is  
145 dominant; and have difficulties in speaking, reading,  
146 writing, or understanding the English language sufficient to

147 deny such individuals the ability to meet the state's  
148 proficient level of achievement on state assessments  
149 described in Public Law 107-10, the ability to achieve  
150 successfully in classrooms where the language of instruction  
151 is English, or the opportunity to participate fully in  
152 society;

153 (9) "Limited English proficiency threshold" shall be  
154 calculated by dividing the total limited English proficiency  
155 pupil count of every performance district that falls  
156 entirely above the bottom five percent and entirely below  
157 the top five percent of average daily attendance, when such  
158 districts are rank-ordered based on their current operating  
159 expenditures per average daily attendance, by the total  
160 average daily attendance of all included performance  
161 districts;

162 (10) "Local effort":

163 (a) For the fiscal year 2007 calculation, "local  
164 effort" shall be computed as the equalized assessed  
165 valuation of the property of a school district in calendar  
166 year 2004 divided by one hundred and multiplied by the  
167 performance levy less the percentage retained by the county  
168 assessor and collector plus one hundred percent of the  
169 amount received in fiscal year 2005 for school purposes from  
170 intangible taxes, fines, escheats, payments in lieu of taxes  
171 and receipts from state-assessed railroad and utility tax,  
172 one hundred percent of the amount received for school  
173 purposes pursuant to the merchants' and manufacturers' taxes  
174 under sections 150.010 to 150.370, one hundred percent of  
175 the amounts received for school purposes from federal  
176 properties under sections 12.070 and 12.080 except when such  
177 amounts are used in the calculation of federal impact aid  
178 pursuant to P.L. 81-874, fifty percent of Proposition C

179 revenues received for school purposes from the school  
180 district trust fund under section 163.087, and one hundred  
181 percent of any local earnings or income taxes received by  
182 the district for school purposes. Under this paragraph, for  
183 a special district established under sections 162.815 to  
184 162.940 in a county with a charter form of government and  
185 with more than one million inhabitants, a tax levy of zero  
186 shall be utilized in lieu of the performance levy for the  
187 special school district;

188 (b) In every year subsequent to fiscal year 2007,  
189 "local effort" shall be the amount calculated under  
190 paragraph (a) of this subdivision plus any increase in the  
191 amount received for school purposes from fines. If a  
192 district's assessed valuation has decreased subsequent to  
193 the calculation outlined in paragraph (a) of this  
194 subdivision, the district's local effort shall be calculated  
195 using the district's current assessed valuation in lieu of  
196 the assessed valuation utilized in the calculation outlined  
197 in paragraph (a) of this subdivision. When a change in a  
198 school district's boundary lines occurs because of a  
199 boundary line change, annexation, attachment, consolidation,  
200 reorganization, or dissolution under section 162.071,  
201 162.081, sections 162.171 to 162.201, section 162.221,  
202 162.223, 162.431, 162.441, or 162.451, or in the event that  
203 a school district assumes any territory from a district that  
204 ceases to exist for any reason, the department of elementary  
205 and secondary education shall make a proper adjustment to  
206 each affected district's local effort, so that each  
207 district's local effort figure conforms to the new boundary  
208 lines of the district. The department shall compute the  
209 local effort figure by applying the calendar year 2004  
210 assessed valuation data to the new land areas resulting from

211 the boundary line change, annexation, attachment,  
212 consolidation, reorganization, or dissolution and otherwise  
213 follow the procedures described in this subdivision;

214 (11) "Membership" shall be the average of:

215 (a) The number of resident full-time students and the  
216 full-time equivalent number of part-time students who were  
217 enrolled in the public schools of the district on the last  
218 Wednesday in September of the previous year and who were in  
219 attendance one day or more during the preceding ten school  
220 days; and

221 (b) The number of resident full-time students and the  
222 full-time equivalent number of part-time students who were  
223 enrolled in the public schools of the district on the last  
224 Wednesday in January of the previous year and who were in  
225 attendance one day or more during the preceding ten school  
226 days, plus the full-time equivalent number of summer school  
227 pupils. "Full-time equivalent number of part-time students"  
228 is determined by dividing the total number of hours for  
229 which all part-time students are enrolled by the number of  
230 hours in the school term. "Full-time equivalent number of  
231 summer school pupils" is determined by dividing the total  
232 number of hours for which all summer school pupils were  
233 enrolled by the number of hours required pursuant to section  
234 160.011 in the school term. Only students eligible to be  
235 counted for average daily attendance shall be counted for  
236 membership;

237 (12) "Operating levy for school purposes", the sum of  
238 tax rates levied for teachers' and incidental funds plus the  
239 operating levy or sales tax equivalent pursuant to section  
240 162.1100 of any transitional school district containing the  
241 school district, in the payment year, not including any



242 equalized operating levy for school purposes levied by a  
243 special school district in which the district is located;

244 (13) "Performance district", any district that has met  
245 performance standards and indicators as established by the  
246 department of elementary and secondary education for  
247 purposes of accreditation under section 161.092 and as  
248 reported on the final annual performance report for that  
249 district each year; for calculations to be utilized for  
250 payments in fiscal years subsequent to fiscal year 2018, the  
251 number of performance districts shall not exceed twenty-five  
252 percent of all public school districts;

253 (14) "Performance levy", three dollars and forty-three  
254 cents;

255 (15) "School purposes" pertains to teachers' and  
256 incidental funds;

257 (16) "Special education pupil count", the number of  
258 public school students with a current individualized  
259 education program or services plan and receiving services  
260 from the resident district as of December first of the  
261 preceding school year, except for special education services  
262 provided through a school district established under  
263 sections 162.815 to 162.940 in a county with a charter form  
264 of government and with more than one million inhabitants, in  
265 which case the sum of the students in each district within  
266 the county exceeding the special education threshold of each  
267 respective district within the county shall be counted  
268 within the special district and not in the district of  
269 residence for purposes of distributing the state aid derived  
270 from the special education pupil count;

271 (17) "Special education threshold" shall be calculated  
272 by dividing the total special education pupil count of every  
273 performance district that falls entirely above the bottom

274 five percent and entirely below the top five percent of  
275 average daily attendance, when such districts are rank-  
276 ordered based on their current operating expenditures per  
277 average daily attendance, by the total average daily  
278 attendance of all included performance districts;

279 (18) "State adequacy target", the sum of the current  
280 operating expenditures of every performance district that  
281 falls entirely above the bottom five percent and entirely  
282 below the top five percent of average daily attendance, when  
283 such districts are rank-ordered based on their current  
284 operating expenditures per average daily attendance, divided  
285 by the total average daily attendance of all included  
286 performance districts. The department of elementary and  
287 secondary education shall first calculate the state adequacy  
288 target for fiscal year 2007 and recalculate the state  
289 adequacy target every two years using the most current  
290 available data. The recalculation shall never result in a  
291 decrease from the state adequacy target as calculated for  
292 fiscal years 2017 and 2018 and any state adequacy target  
293 figure calculated subsequent to fiscal year 2018. **Beginning**  
294 **with the recalculation completed for the 2022-23 school year**  
295 **and all subsequent recalculations, if the state adequacy**  
296 **target recalculation does not result in a percentage**  
297 **increase equal to or greater than the average increase in**  
298 **the Consumer Price Index of the four preceding years**  
299 **multiplied by two, then the state adequacy target shall**  
300 **increase by the average increase in the consumer price index**  
301 **of the four preceding years multiplied by two, but not to**  
302 **exceed three percent total.** Should a recalculation result  
303 in an increase in the state adequacy target amount, fifty  
304 percent of that increase shall be included in the state  
305 adequacy target amount in the year of recalculation, and

306 fifty percent of that increase shall be included in the  
307 state adequacy target amount in the subsequent year. The  
308 state adequacy target may be adjusted to accommodate  
309 available appropriations as provided in subsection 7 of  
310 section 163.031;

311 (19) "Teacher", any teacher, teacher-secretary,  
312 substitute teacher, supervisor, principal, supervising  
313 principal, superintendent or assistant superintendent,  
314 school nurse, social worker, counselor or librarian who  
315 shall, regularly, teach or be employed for no higher than  
316 grade twelve more than one-half time in the public schools  
317 and who is certified under the laws governing the  
318 certification of teachers in Missouri;

319 (20) "Weighted average daily attendance", the average  
320 daily attendance plus the product of twenty-five hundredths  
321 multiplied by the free and reduced price lunch pupil count  
322 that exceeds the free and reduced price lunch threshold,  
323 plus the product of seventy-five hundredths multiplied by  
324 the number of special education pupil count that exceeds the  
325 special education threshold, plus the product of six-tenths  
326 multiplied by the number of limited English proficiency  
327 pupil count that exceeds the limited English proficiency  
328 threshold. For special districts established under sections  
329 162.815 to 162.940 in a county with a charter form of  
330 government and with more than one million inhabitants,  
331 weighted average daily attendance shall be the average daily  
332 attendance plus the product of twenty-five hundredths  
333 multiplied by the free and reduced price lunch pupil count  
334 that exceeds the free and reduced price lunch threshold,  
335 plus the product of seventy-five hundredths multiplied by  
336 the sum of the special education pupil count that exceeds  
337 the threshold for each county district, plus the product of

338 six-tenths multiplied by the limited English proficiency  
339 pupil count that exceeds the limited English proficiency  
340 threshold. None of the districts comprising a special  
341 district established under sections 162.815 to 162.940 in a  
342 county with a charter form of government and with more than  
343 one million inhabitants, shall use any special education  
344 pupil count in calculating their weighted average daily  
345 attendance.

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