

HCS SS SB 943 -- ELEMENTARY AND SECONDARY EDUCATION FUNDING AND PLANNING PROCESSES

SPONSOR: Shields (Wallace)

COMMITTEE ACTION: Voted "do pass" by the Committee on Elementary and Secondary Education by a vote of 10 to 2.

This substitute changes the laws regarding school funding and planning processes. In its main provisions, the substitute:

(1) Removes the requirement that a school calendar have a minimum of 174 days but retains the required 1,044 hours of actual pupil attendance until, beginning in school year 2012-2013, the required hours are increased to 1,073 hours (Sections 160.011, 160.041, 163.021, 171.029, 171.031, and 171.033, RSMo);

(2) Removes the requirement that a school's A+ Schools Program coordinator be at least a half-time position and specifies that no minimum percentage of time will be required for the A+ coordination (Section 160.545);

(3) Specifies that in fiscal years 2011, 2012, and 2013 the department cannot penalize a school district on its accreditation review for failing to achieve resource standards if the school funding formula or transportation categorical is underfunded as specified. The district also cannot be penalized in the following fiscal year if the Governor withholds funds (Section 161.209);

(4) Extends the phase-in of the school funding formula enacted by Senate Bill 287 in 2005 from completion in the 2012-2013 school year to the 2014-2015 school year and changes the payment percentages that are based on the new and old formulas by extending the 58/42 ratio for two more years (Sections 163.031.4(5) - 163.031.4(8));

(5) Allows the General Assembly to appropriate more funds than required by the phase-in percentages for any particular school year and requires the Department of Elementary and Secondary Education to adjust the phase-in percentages to accommodate the total amount of available appropriations in order to distribute 100% of the total amount of appropriated funds (Section 163.031.4(9));

(6) Requires the department to reduce the payment amounts awarded to all school districts, including hold harmless districts, if the school funding formula appropriation is equal to or less than the state aid expenditure for Fiscal Year 2010, if the formula appropriation is less than the previous fiscal

year's expenditure, or if the Governor withholds current year appropriations with the effect of reducing the appropriation to or below these levels (Section 163.031.4(10));

(7) Requires the department to calculate a uniform proportional reduction percentage based on all available school funding formula state aid to be applied to the payment amount to which all districts would otherwise be entitled under the applicable phase-in percentages if in the previous year a proportional reduction was required and the current year appropriation is more than the 2010 expenditure and the previous year's expenditure but is not enough to meet the previous year's phase-in percentages (Section 163.031.4(11));

(8) Repeals the provisions regarding the penalty imposed on a school district experiencing a decrease in summer school average daily attendance which terminated at the end of the 2008-2009 school year and repeals a section that requires additional weight to be given to summer school attendance if it falls below a specified level statewide (Sections 163.031.4(12) and 163.037);

(9) Limits state reimbursement for summer school average daily attendance in years in which the funding formula is not funded to the specified percentages during the phase-in to include only attendance hours of students based exclusively on academic areas of study. Each school district must verify to the department that its summer school program conforms to these requirements. A school district may offer a nonacademic or enrichment summer school program at its own or the parents' expense. The summer school average daily attendance reimbursement is limited to 3% of the previous regular terms weighted average daily attendance for districts with a free and reduced lunch count of less than 60% and 7% for a free and reduced lunch count of 60% or more (Section 163.036);

(10) Revises the small school grant provisions to exclude summer school attendance from the average daily attendance count of 350 or fewer students; requires the appropriation of an additional \$5 million to be distributed to districts based on their average daily attendance for the regular school year upon the earlier of the completion of the school funding formula phase-in or the fiscal year after the first fiscal year in which the formula is fully funded; and extends a proportionally decreasing payment to districts that have 351 to 449 average daily attendance (Section 163.044);

(11) Specifies that in fiscal years 2011, 2012, and 2013 the requirement for school districts to dedicate 1% of their formula funding to professional development and the 75% funding and fund placement requirements for teacher salaries will be suspended and

10% flexibility will be granted to use categorical funds as long as federal funds are not affected if the school funding formula or transportation categorical is underfunded as specified or will be suspended in the following fiscal year if the Governor withholds funds (Section 163.410);

(12) Requires the Joint Committee on Education to complete a study during the 2010 legislative interim on the timing of the delivery of school funding for elementary and secondary education to school districts (Section 163.500);

(13) Allows, during fiscal years 2011 through 2013, a school district to transfer any unobligated capital projects funds to its incidental fund once each fiscal year under certain specified conditions (Section 165.011);

(14) Allows the special administrative board when it has been granted governing powers for a district in the City of St. Louis School District to appoint a hearing officer to conduct a contested case of a teacher's dismissal (Section 168.221);

(15) Removes the requirement but allows the General Assembly to make an annual appropriation to the Missouri Career Development and Teacher Excellence Plan, commonly known as the Career Ladder Program. Beginning in Fiscal Year 2012, the state portion of career ladder payments will only be made available to school districts if an appropriation is made. Any state appropriation must be made prospectively in relation to the year in which work under the program is performed. A school district may fund the program for its teachers for work performed in years for which no state appropriation is made available. The variable match formula of the program is removed, and the payment must be on a matching basis with 60% local funding and 40% state funding (Sections 168.500 and 168.515); and

(16) Removes the provision which specifies that no fees can be charged for Parents as Teachers services, clarifies that families with children younger than the kindergarten entry age will be eligible to receive specified services, requires priority to be given to high-needs families according to department criteria, and allows school districts to establish cost-sharing strategies for these services (Section 178.697).

The provisions of the substitute regarding the Parents as Teachers Program will expire December 31, 2015.

The substitute contains an emergency clause for the provisions regarding the school funding formula, summer school, small school grants, and the appointment of a hearing officer for City of St. Louis teacher actions and will become effective July 1, 2010, or

upon passage and approval, whichever is later.

FISCAL NOTE: Estimated Income on General Revenue Fund of \$93,536,062 to Unknown in FY 2011, \$194,856,288 to Unknown in FY 2012, and \$202,742,484 to Unknown in FY 2013. Estimated Effect on Other State Funds of an income of Unknown to a cost of Unknown in FY 2011, FY 2012, and FY 2013.

PROPOSERS: Supporters say that a logical rationale for how to handle shortfalls is necessary because there is no statute covering the issue during the formula phase-in. Since the overall rationale of the formula has been approved by the courts, it would be best to stay conceptually close to the original idea.

Testifying for the bill was Senator Shields.

OPPONENTS: Those who oppose the bill say that the General Assembly needs to consider revenue enhancements as well as formula changes. Care should be exercised in crafting a summer school solution so that high-poverty districts are not disproportionately affected.

Testifying against the bill were Missouri National Education Association; Jason Dial, Independence School District 30; and John Jungmann, Monett R-I School District.

OTHERS: Others testifying on the bill say that the summer school restriction is best expressed as simply as possible with weighted average daily attendance. As to a base line for future appropriations, it is possible to foresee a situation in which an appropriation is higher than the baseline but still not enough for full funding, with the result that less wealthy hold harmless districts could have money withheld while formula districts get additional money.

Testifying on the bill were Missouri Association of School Administrators; Missouri State Teachers Association; Don Thalhuber; Paul Wagner; and Department of Elementary and Secondary Education.