

SECOND REGULAR SESSION

HOUSE BILL NO. 1043

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE THOMSON.

4259L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 163.011 and 163.031, RSMo, and to enact in lieu thereof two new sections relating to state funding for elementary and secondary education, with an emergency clause.

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

Section A. Sections 163.011 and 163.031, RSMo, are repealed and two new sections
2 enacted in lieu thereof, to be known as sections 163.011 and 163.031, to read as follows:

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

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

5 (2) **"Aggregate proration factor", the total formula appropriation under**
6 **subsections 1, 2, and 8 of section 163.031 for any given fiscal year divided by the amount**
7 **that would be necessary to fund the entire entitlement calculation determined by**
8 **subsections 1 and 2 of section 163.031 for the same fiscal year;**

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

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.

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

28 ~~[(3)]~~ (4) "Current operating expenditures":

29 (a) For the fiscal year 2007 calculation, "current operating expenditures" shall be
30 calculated using data from fiscal year 2004 and shall be calculated as all expenditures for
31 instruction and support services except capital outlay and debt service expenditures minus the
32 revenue from federal categorical sources; food service; student activities; categorical payments
33 for transportation costs pursuant to section 163.161; state reimbursements for early childhood
34 special education; the career ladder entitlement for the district, as provided for in sections
35 168.500 to 168.515; the vocational education entitlement for the district, as provided for in
36 section 167.332; and payments from other districts;

37 (b) In every fiscal year subsequent to fiscal year 2007, current operating expenditures
38 shall be the amount in paragraph (a) of this subdivision plus any increases in state funding
39 pursuant to sections 163.031 and 163.043 subsequent to fiscal year 2005, not to exceed five
40 percent, per recalculation, of the state revenue received by a district in the 2004-05 school year
41 from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share,
42 and free textbook payments for any district from the first preceding calculation of the state
43 adequacy target. Beginning on July 1, 2010, current operating expenditures shall be the amount
44 in paragraph (a) of this subdivision plus any increases in state funding pursuant to sections
45 163.031 and 163.043 subsequent to fiscal year 2005 received by a district in the 2004-05 school
46 year from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair
47 share, and free textbook payments for any district from the first preceding calculation of the state
48 adequacy target;

49 ~~[(4)]~~ (5) "District's tax rate ceiling", the highest tax rate ceiling in effect subsequent to
50 the 1980 tax year or any subsequent year. Such tax rate ceiling shall not contain any tax levy for
51 debt service;

52 [(5)] (6) "Dollar-value modifier", an index of the relative purchasing power of a dollar,
53 calculated as one plus fifteen percent of the difference of the regional wage ratio minus one,
54 provided that the dollar value modifier shall not be applied at a rate less than 1.0 **provided**
55 **further that the dollar-value modifier shall be recalculated every fiscal year, beginning in**
56 **fiscal year 2013, using a three-year simple moving average of the wage data from the**
57 **fourth, fifth, and sixth years preceding the payment year from the Bureau of Economic**
58 **Analysis of the United States Department of Commerce, as provided in this subdivision:**

59 (a) "County wage per job", the total county wage and salary disbursements divided by
60 the total county wage and salary employment for each county and the city of St. Louis as reported
61 by the Bureau of Economic Analysis of the United States Department of Commerce for the
62 fourth year preceding the payment year;

63 (b) "Regional wage per job":

64 a. The total Missouri wage and salary disbursements of the metropolitan area as defined
65 by the Office of Management and Budget divided by the total Missouri metropolitan wage and
66 salary employment for the metropolitan area for the county signified in the school district number
67 or the city of St. Louis, as reported by the Bureau of Economic Analysis of the United States
68 Department of Commerce for the fourth year preceding the payment year and recalculated upon
69 every decennial census to incorporate counties that are newly added to the description of
70 metropolitan areas; or if no such metropolitan area is established, then:

71 b. The total Missouri wage and salary disbursements of the micropolitan area as defined
72 by the Office of Management and Budget divided by the total Missouri micropolitan wage and
73 salary employment for the micropolitan area for the county signified in the school district
74 number, as reported by the Bureau of Economic Analysis of the United States Department of
75 Commerce for the fourth year preceding the payment year, if a micropolitan area for such county
76 has been established and recalculated upon every decennial census to incorporate counties that
77 are newly added to the description of micropolitan areas; or

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

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

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

84 [(6)] (7) "Free and reduced lunch pupil count", the number of pupils eligible for free and
85 reduced lunch on the last Wednesday in January for the preceding school year who were enrolled
86 as students of the district, as approved by the department in accordance with applicable federal
87 regulations;

88 [(7)] (8) "Free and reduced lunch threshold" shall be calculated by dividing the total free
89 and reduced lunch pupil count of every performance district that falls entirely above the bottom
90 five percent and entirely below the top five percent of average daily attendance, when such
91 districts are rank-ordered based on their current operating expenditures per average daily
92 attendance, by the total average daily attendance of all included performance districts;

93 [(8)] (9) "Limited English proficiency pupil count", the number in the preceding school
94 year of pupils aged three through twenty-one enrolled or preparing to enroll in an elementary
95 school or secondary school who were not born in the United States or whose native language is
96 a language other than English or are Native American or Alaskan native, or a native resident of
97 the outlying areas, and come from an environment where a language other than English has had
98 a significant impact on such individuals' level of English language proficiency, or are migratory,
99 whose native language is a language other than English, and who come from an environment
100 where a language other than English is dominant; and have difficulties in speaking, reading,
101 writing, or understanding the English language sufficient to deny such individuals the ability to
102 meet the state's proficient level of achievement on state assessments described in Public Law
103 107-10, the ability to achieve successfully in classrooms where the language of instruction is
104 English, or the opportunity to participate fully in society;

105 [(9)] (10) "Limited English proficiency threshold" shall be calculated by dividing the
106 total limited English proficiency pupil count of every performance district that falls entirely
107 above the bottom five percent and entirely below the top five percent of average daily attendance,
108 when such districts are rank-ordered based on their current operating expenditures per average
109 daily attendance, by the total average daily attendance of all included performance districts;

110 [(10)] (11) "Local effort":

111 (a) For the fiscal year 2007 calculation, "local effort" shall be computed as the equalized
112 assessed valuation of the property of a school district in calendar year 2004 divided by one
113 hundred and multiplied by the performance levy less the percentage retained by the county
114 assessor and collector plus one hundred percent of the amount received in fiscal year 2005 for
115 school purposes from intangible taxes, fines, escheats, payments in lieu of taxes and receipts
116 from state-assessed railroad and utility tax, one hundred percent of the amount received for
117 school purposes pursuant to the merchants' and manufacturers' taxes under sections 150.010 to
118 150.370, one hundred percent of the amounts received for school purposes from federal
119 properties under sections 12.070 and 12.080 except when such amounts are used in the
120 calculation of federal impact aid pursuant to P.L. 81-874, fifty percent of Proposition C revenues
121 received for school purposes from the school district trust fund under section 163.087, and one
122 hundred percent of any local earnings or income taxes received by the district for school
123 purposes. Under this paragraph, for a special district established under sections 162.815 to

124 162.940 in a county with a charter form of government and with more than one million
125 inhabitants, a tax levy of zero shall be utilized in lieu of the performance levy for the special
126 school district;

127 (b) In every year subsequent to fiscal year 2007, "local effort" shall be the amount
128 calculated under paragraph (a) of this subdivision plus any increase in the amount received for
129 school purposes from fines. If a district's assessed valuation has decreased subsequent to the
130 calculation outlined in paragraph (a) of this subdivision, the district's local effort shall be
131 calculated using the district's current assessed valuation in lieu of the assessed valuation utilized
132 in the calculation outlined in paragraph (a) of this subdivision;

133 [(11)] **(12)** "Membership" shall be the average of:

134 (a) The number of resident full-time students and the full-time equivalent number of
135 part-time students who were enrolled in the public schools of the district on the last Wednesday
136 in September of the previous year and who were in attendance one day or more during the
137 preceding ten school days; and

138 (b) The number of resident full-time students and the full-time equivalent number of
139 part-time students who were enrolled in the public schools of the district on the last Wednesday
140 in January of the previous year and who were in attendance one day or more during the preceding
141 ten school days, plus the full-time equivalent number of summer school pupils. "Full-time
142 equivalent number of part-time students" is determined by dividing the total number of hours for
143 which all part-time students are enrolled by the number of hours in the school term. "Full-time
144 equivalent number of summer school pupils" is determined by dividing the total number of hours
145 for which all summer school pupils were enrolled by the number of hours required pursuant to
146 section 160.011 in the school term. Only students eligible to be counted for average daily
147 attendance shall be counted for membership;

148 **(13) "Modified formula payment", the product of the proration factor and the**
149 **calculation determined by subsection 1 of section 163.031;**

150 **(14) "Modified hold harmless payment", the product of the calculation determined**
151 **by subsection 2 of section 163.031 and the sum of one-third the proration factor plus two-**
152 **thirds;**

153 [(12)] **(15)** "Operating levy for school purposes", the sum of tax rates levied for teachers'
154 and incidental funds plus the operating levy or sales tax equivalent pursuant to section 162.1100
155 of any transitional school district containing the school district, in the payment year, not
156 including any equalized operating levy for school purposes levied by a special school district in
157 which the district is located;

158 [(13)] **(16)** "Performance district", any district that has met all performance standards and
159 indicators as established by the department of elementary and secondary education for purposes

160 of accreditation under section 161.092 and as reported on the final annual performance report
161 for that district each year;

162 [(14)] (17) "Performance levy", three dollars and forty-three cents;

163 (18) "Proration factor", a percentage applied to the calculations determined by
164 subsections 1 and 2 of section 163.031, prior to subtracting payments from the classroom
165 trust fund, such that the sum total of every payment made to school districts eligible for a
166 modified formula payment combined with the sum total of every payment made to school
167 districts eligible for a modified hold harmless payment shall equal the total formula
168 appropriation for a given fiscal year. The proration factor shall be calculated by the
169 department of elementary and secondary education using the most current available data;

170 [(15)] (19) "School purposes" pertains to teachers' and incidental funds;

171 [(16)] (20) "Special education pupil count", the number of public school students with
172 a current individualized education program or services plan and receiving services from the
173 resident district as of December first of the preceding school year, except for special education
174 services provided through a school district established under sections 162.815 to 162.940 in a
175 county with a charter form of government and with more than one million inhabitants, in which
176 case the sum of the students in each district within the county exceeding the special education
177 threshold of each respective district within the county shall be counted within the special district
178 and not in the district of residence for purposes of distributing the state aid derived from the
179 special education pupil count;

180 [(17)] (21) "Special education threshold" shall be calculated by dividing the total special
181 education pupil count of every performance district that falls entirely above the bottom five
182 percent and entirely below the top five percent of average daily attendance, when such districts
183 are rank-ordered based on their current operating expenditures per average daily attendance, by
184 the total average daily attendance of all included performance districts;

185 [(18)] (22) "State adequacy target", the sum of the current operating expenditures of
186 every performance district that falls entirely above the bottom five percent and entirely below
187 the top five percent of average daily attendance, when such districts are rank-ordered based on
188 their current operating expenditures per average daily attendance, divided by the total average
189 daily attendance of all included performance districts. The department of elementary and
190 secondary education shall first calculate the state adequacy target for fiscal year 2007 and
191 recalculate the state adequacy target every two years using the most current available data. The
192 recalculation shall never result in a decrease from the previous state adequacy target amount.
193 Should a recalculation result in an increase in the state adequacy target amount, fifty percent of
194 that increase shall be included in the state adequacy target amount in the year of recalculation,
195 and fifty percent of that increase shall be included in the state adequacy target amount in the

196 subsequent year[. The state adequacy target may be adjusted to accommodate available
197 appropriations];

198 [(19)] (23) "Teacher", any teacher, teacher-secretary, substitute teacher, supervisor,
199 principal, supervising principal, superintendent or assistant superintendent, school nurse, social
200 worker, counselor or librarian who shall, regularly, teach or be employed for no higher than
201 grade twelve more than one-half time in the public schools and who is certified under the laws
202 governing the certification of teachers in Missouri;

203 [(20)] (24) "Weighted average daily attendance", the average daily attendance plus the
204 product of twenty-five hundredths multiplied by the free and reduced lunch pupil count that
205 exceeds the free and reduced lunch threshold, plus the product of seventy-five hundredths
206 multiplied by the number of special education pupil count that exceeds the special education
207 threshold, plus the product of six-tenths multiplied by the number of limited English proficiency
208 pupil count that exceeds the limited English proficiency threshold. For special districts
209 established under sections 162.815 to 162.940 in a county with a charter form of government and
210 with more than one million inhabitants, weighted average daily attendance shall be the average
211 daily attendance plus the product of twenty-five hundredths multiplied by the free and reduced
212 lunch pupil count that exceeds the free and reduced lunch threshold, plus the product of
213 seventy-five hundredths multiplied by the sum of the special education pupil count that exceeds
214 the threshold for each county district, plus the product of six-tenths multiplied by the limited
215 English proficiency pupil count that exceeds the limited English proficiency threshold. None of
216 the districts comprising a special district established under sections 162.815 to 162.940 in a
217 county with a charter form of government and with more than one million inhabitants, shall use
218 any special education pupil count in calculating their weighted average daily attendance.

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

7 2. [Other provisions of law to the contrary] Notwithstanding **subsection 1 of this**
8 **section:**

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

11 (a) For the 2006-07 school year, the state revenue per weighted average daily attendance
12 received by a district from the state aid calculation under subsections 1 and 4 of this section, as
13 applicable, and the classroom trust fund under section 163.043 shall not be less than the state

14 revenue received by a district in the 2005-06 school year from the foundation formula, line 14,
15 gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts
16 multiplied by the sum of one plus the product of one-third multiplied by the remainder of the
17 dollar value modifier minus one, and dividing this product by the weighted average daily
18 attendance computed for the 2005-06 school year;

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

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

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

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

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

47 (b) For the 2007-08 school year, the state revenue received by a district from the state
48 aid calculation under subsections 1 and 4 of this section, as applicable, and the classroom trust
49 fund under section 163.043 shall not be less than the greater of state revenue received by a

50 district in the 2004-05 or 2005-06 school year from the foundation formula, line 14, gifted,
51 remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts
52 multiplied by the sum of one plus the product of two-thirds multiplied by the remainder of the
53 dollar value modifier minus one;

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

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

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

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

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

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

82 (2) For the 2007-08 school year, the amount shall be thirty percent of the amount of state
83 aid calculated for the district for the 2007-08 school year under the provisions of subsection 1
84 of this section, plus seventy percent of the total amount of state revenue received by the district
85 for the 2005-06 school year from the foundation formula, line 14, gifted, remedial reading,

86 exceptional pupil aid, fair share, and free textbook payments less any amounts received under
87 section 163.043.

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

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

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

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

112 (7) (a) Notwithstanding subdivision (18) of section 163.011, the state adequacy target
113 may not be adjusted downward to accommodate available appropriations in any year governed
114 by this subsection.

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

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

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

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

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

140 **(c)] (1) (a) For fiscal year 2014, the general assembly shall appropriate an amount**
141 **under subsections 1, 2, and 8 of this section that equals or exceeds the formula**
142 **appropriation under subsections 1, 2, and 4 of this section as it existed in fiscal year 2011;**

143 **(b) For fiscal year 2015, the general assembly shall appropriate an amount under**
144 **subsections 1, 2, and 8 of this section that is sufficient to produce an aggregate proration**
145 **factor of at least .93;**

146 **(c) For fiscal year 2016, the general assembly shall appropriate an amount under**
147 **subsections 1, 2, and 8 of this section that is sufficient to produce an aggregate proration**
148 **factor of at least .96;**

149 **(d) For fiscal year 2017, the general assembly shall appropriate an amount under**
150 **subsections 1, 2, and 8 of this section that is sufficient to produce an aggregate proration**
151 **factor of at least 1.0;**

152 **(2) If a school district experiences a decrease in its gifted program enrollment of more**
153 **than twenty percent from its 2005-06 gifted program enrollment in any year governed by this**
154 **subsection, an amount equal to the product of the percent reduction in the district's gifted**
155 **program enrollment multiplied by the funds generated by the district's gifted program in the**
156 **2005-06 school year shall be subtracted from the district's current year payment amount.**

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

163 6. (1) No less than seventy-five percent of the state revenue received under the
164 provisions of subsections 1, 2, and 4 of this section shall be placed in the teachers' fund, and the
165 remaining percent of such moneys shall be placed in the incidental fund. No less than
166 seventy-five percent of one-half of the funds received from the school district trust fund
167 distributed under section 163.087 shall be placed in the teachers' fund. One hundred percent of
168 revenue received under the provisions of section 163.161 shall be placed in the incidental fund.
169 One hundred percent of revenue received under the provisions of sections 168.500 to 168.515
170 shall be placed in the teachers' fund.

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

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

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

178 (c) Beginning in fiscal year 2008, as much as was spent per the second preceding year's
179 weighted average daily attendance for certificated compensation and tuition expenditures the
180 previous year from revenue produced by local and county tax sources in the teachers' fund, plus
181 the amount of the incidental fund to teachers' fund transfer calculated to be local and county tax
182 sources by dividing local and county tax sources in the incidental fund by total revenue in the
183 incidental fund. In the event a district fails to comply with this provision, the amount by which
184 the district fails to spend funds as provided herein shall be deducted from the district's state
185 revenue received under the provisions of subsections 1, 2, and 4 of this section for the following
186 year, provided that the state board of education may exempt a school district from this provision
187 if the state board of education determines that circumstances warrant such exemption.

188 7. If a school district's annual audit discloses that students were inappropriately identified
189 as eligible for free and reduced lunch, special education, or limited English proficiency and the
190 district does not resolve the audit finding, the department of elementary and secondary education
191 shall require that the amount of aid paid pursuant to the weighting for free and reduced lunch,
192 special education, or limited English proficiency in the weighted average daily attendance on the

193 inappropriately identified pupils be repaid by the district in the next school year and shall
194 additionally impose a penalty of one hundred percent of such aid paid on such pupils, which
195 penalty shall also be paid within the next school year. Such amounts may be repaid by the
196 district through the withholding of the amount of state aid.

197 **8. Notwithstanding the provisions of subsections 1 and 2 of this section, in any year**
198 **in which the formula appropriation does not equal the amount necessary to fund the entire**
199 **entitlement calculation determined by subsections 1 and 2 of this section, each district shall**
200 **receive the greater of the district's modified formula payment or the district's modified**
201 **hold harmless payment.**

Section B. Because of the need to provide sufficient guidance on the allocation of
2 appropriate funds, this act is deemed necessary for the immediate preservation of the public
3 health, welfare, peace and safety, and is hereby declared to be an emergency act within the
4 meaning of the constitution, and this act shall be in full force and effect on July 1, 2012, or upon
5 its passage and approval whichever occurs later.

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