

SECOND REGULAR SESSION

HOUSE BILL NO. 1920

97TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE BAHR.

4701L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal section 163.031, RSMo, and to enact in lieu thereof one new section relating to hold-harmless payments in state aid for schools.

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

Section A. Section 163.031, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 163.031, to read as follows: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 dollar value modifier minus one, and dividing this product by the weighted average daily attendance computed for the 2005-06 school year;

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.

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) For each year subsequent to the 2008-09 school year **until phased out under**
34 **subsection 8 of this section**, the amount shall be no less than that computed in paragraph (c) of
35 this subdivision, multiplied by the weighted average daily attendance pursuant to section
36 163.036, less any increase in revenue received from the classroom trust fund under section
37 163.043;

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 **until phased out under**
61 **subsection 8 of this section**, the amount shall be no less than that computed in paragraph (c) of
62 this subdivision;

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

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

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

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

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

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

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

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

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

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

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

122 b. For the 2007-08 school year, if a school district experiences a decrease in summer
123 school average daily attendance of more than thirty percent from the district's 2005-06 summer
124 school average daily attendance, an amount equal to the product of the percent reduction that is

125 in excess of thirty percent of the district's summer school average daily attendance multiplied by
126 the funds generated by the district's summer school program in the 2005-06 school year shall be
127 subtracted from the district's payment amount.

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

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

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

141 (c) If a school district experiences a decrease in its gifted program enrollment of more
142 than twenty percent from its 2005-06 gifted program enrollment in any year governed by this
143 subsection, an amount equal to the product of the percent reduction in the district's gifted
144 program enrollment multiplied by the funds generated by the district's gifted program in the
145 2005-06 school year shall be subtracted from the district's current year payment amount.

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

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

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

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

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

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

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

186 **8. (1) No later than July 1, 2016, the department of elementary and secondary**
187 **education shall calculate a factor based on the product of one divided by the school**
188 **district's September enrollment from the 2015-16 school year multiplied by the percentage**
189 **formed by the school district's basic state school-aid payment per-average daily attendance**
190 **divided by its current expenditure per-average daily attendance for school year 2015-16**
191 **for school districts receiving payments under subsection 2 of this section during school year**
192 **2015-16. The department shall rank order all school districts from the lowest to the**
193 **highest, dividing the list into three parts as evenly as possible based on the total number**
194 **of districts on the list.**

195 **(2) For the 2016-17 school year, the department shall cease making payments under**
196 **subsection 2 of this section in excess of the amount determined for that district under**
197 **subsection 1 of this section to those school districts with a factor in the lowest one-third of**
198 **districts. For the 2017-18 school year, the department shall cease making payments under**
199 **subsection 2 of this section in excess of the amount determined for that district under**
200 **subsection 1 of this section to those school districts with a factor in the middle one-third**
201 **of districts. For the 2018-19 school year, the department shall cease making payments**
202 **under subsection 2 of this section in excess of the amount determined for that district under**
203 **subsection 1 of this section to those school districts with a factor in the highest one-third**
204 **of districts.**

205 **(3) For each year subsequent to the 2018-19 school year:**

206 **(a) Any school district for which the basic state-aid calculation yields a zero or less**
207 **shall not receive a basic state-aid payment; and**

208 **(b) Any school district described under subdivision (2) of this subsection for which**
209 **the basic state-aid calculation exceeds zero shall receive the amount calculated for the**
210 **district under subsection 1 of this section.**

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