

SECOND REGULAR SESSION

# HOUSE BILL NO. 2565

## 99TH GENERAL ASSEMBLY

---

INTRODUCED BY REPRESENTATIVE MORSE (151).

6582H.011

D. ADAM CRUMBLISS, Chief Clerk

---

### AN ACT

To repeal section 163.011, RSMo, and to enact in lieu thereof one new section relating to school funding.

---

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Section A. Section 163.011, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 163.011, to read as follows:

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

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

(2) “Average daily attendance”, the quotient or the sum of the quotients obtained by dividing the total number of hours attended in a term by resident pupils between the ages of five and twenty-one by the actual number of hours school was in session in that term. To the average daily attendance of the following school term shall be added the full-time equivalent average daily attendance of summer school students. “Full-time equivalent average daily attendance of summer school students” shall be computed by dividing the total number of hours, except for physical education hours that do not count as credit toward graduation for students in grades nine, ten, eleven, and twelve, attended by all summer school pupils by the number of hours required in section 160.011 in the school term. For purposes of determining average daily attendance under this subdivision, the term “resident pupil” shall include all children between the ages of five and twenty-one who are residents of the school district and who are attending kindergarten through grade twelve in such district. If a child is attending school in a district other than the district of residence and the child’s parent is teaching in the school district or is

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 a regular employee of the school district which the child is attending, then such child shall be  
19 considered a resident pupil of the school district which the child is attending for such period of  
20 time when the district of residence is not otherwise liable for tuition. Average daily attendance  
21 for students below the age of five years for which a school district may receive state aid based  
22 on such attendance shall be computed as regular school term attendance unless otherwise  
23 provided by law;

24 (3) “Current operating expenditures”:

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

33 (b) In every fiscal year subsequent to fiscal year 2007, current operating expenditures  
34 shall be the amount in paragraph (a) of this subdivision plus any increases in state funding  
35 pursuant to sections 163.031 and 163.043 subsequent to fiscal year 2005, not to exceed five  
36 percent, per recalculation, of the state revenue received by a district in the 2004-05 school year  
37 from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share,  
38 and free textbook payments for any district from the first preceding calculation of the state  
39 adequacy target;

40 (4) “District’s tax rate ceiling”, the highest tax rate ceiling in effect subsequent to the  
41 1980 tax year or any subsequent year. Such tax rate ceiling shall not contain any tax levy for  
42 debt service;

43 (5) “Dollar-value modifier”, an index of the relative purchasing power of a dollar,  
44 calculated as one plus fifteen percent of the difference of the regional wage ratio minus one,  
45 provided that the dollar value modifier shall not be applied at a rate less than 1.0. **As used in**  
46 **this subdivision, the following terms mean:**

47 (a) “County wage per job”, the total county wage and salary disbursements divided by  
48 the total county wage and salary employment for each county and the City of St. Louis as  
49 reported by the Bureau of Economic Analysis of the United States Department of Commerce for  
50 the fourth year preceding the payment year;

51 (b) “Regional wage per job”:

52 a. The total Missouri wage and salary disbursements of the metropolitan area as defined  
53 by the Office of Management and Budget divided by the total Missouri metropolitan wage and

54 salary employment for the metropolitan area for the county signified in the school district number  
55 or the City of St. Louis, as reported by the Bureau of Economic Analysis of the United States  
56 Department of Commerce for the fourth year preceding the payment year and recalculated upon  
57 every decennial census to incorporate counties that are newly added to the description of  
58 metropolitan areas; or if no such metropolitan area is established, then:

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

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

69       (c) “Regional wage ratio”, the ratio of the regional wage per job divided by the state  
70 median wage per job;

71       (d) “State median wage per job”, the fifty-eighth highest county wage per job;

72       (6) “Free and reduced price lunch pupil count”, for school districts not eligible for and  
73 those that do not choose the USDA Community Eligibility Option, the number of pupils eligible  
74 for free and reduced price lunch on the last Wednesday in January for the preceding school year  
75 who were enrolled as students of the district, as approved by the department in accordance with  
76 applicable federal regulations. For eligible school districts that choose the USDA Community  
77 Eligibility Option, the free and reduced price lunch pupil count shall be the percentage of free  
78 and reduced price lunch students ~~as calculated [as eligible on the last Wednesday in January of~~  
79 ~~the most recent school year that included household applications]~~ **by the food and nutrition**  
80 **services section of the department of elementary and secondary education** to determine free  
81 and reduced price lunch count multiplied by the district’s average daily attendance figure;

82       (7) “Free and reduced price lunch threshold” shall be calculated by dividing the total free  
83 and reduced price lunch pupil count of every performance district that falls entirely above the  
84 bottom five percent and entirely below the top five percent of average daily attendance, when  
85 such districts are rank-ordered based on their current operating expenditures per average daily  
86 attendance, by the total average daily attendance of all included performance districts;

87       (8) “Limited English proficiency pupil count”, the number in the preceding school year  
88 of pupils aged three through twenty-one enrolled or preparing to enroll in an elementary school  
89 or secondary school who were not born in the United States or whose native language is a

90 language other than English or are Native American or Alaskan native, or a native resident of  
91 the outlying areas, and come from an environment where a language other than English has had  
92 a significant impact on such individuals' level of English language proficiency, or are migratory,  
93 whose native language is a language other than English, and who come from an environment  
94 where a language other than English is dominant; and have difficulties in speaking, reading,  
95 writing, or understanding the English language sufficient to deny such individuals the ability to  
96 meet the state's proficient level of achievement on state assessments described in Public Law  
97 ~~[407-40]~~ **107-110 or successor legislation**, the ability to achieve successfully in classrooms  
98 where the language of instruction is English, or the opportunity to participate fully in society;

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

104 (10) "Local effort":

105 (a) For the fiscal year 2007 calculation, "local effort" shall be computed as the equalized  
106 assessed valuation of the property of a school district in calendar year 2004 divided by one  
107 hundred and multiplied by the performance levy less the percentage retained by the county  
108 assessor and collector plus one hundred percent of the amount received in fiscal year 2005 for  
109 school purposes from intangible taxes, fines, escheats, payments in lieu of taxes and receipts  
110 from state-assessed railroad and utility tax, one hundred percent of the amount received for  
111 school purposes pursuant to the merchants' and manufacturers' taxes under sections 150.010 to  
112 150.370, one hundred percent of the amounts received for school purposes from federal  
113 properties under sections 12.070 and 12.080 except when such amounts are used in the  
114 calculation of federal impact aid pursuant to P.L. 81-874, fifty percent of Proposition C revenues  
115 received for school purposes from the school district trust fund under section 163.087, and one  
116 hundred percent of any local earnings or income taxes received by the district for school  
117 purposes. Under this paragraph, for a special district established under sections 162.815 to  
118 162.940 in a county with a charter form of government and with more than one million  
119 inhabitants, a tax levy of zero shall be utilized in lieu of the performance levy for the special  
120 school district;

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

126 in the calculation outlined in paragraph (a) of this subdivision. When a change in a school  
127 district's boundary lines occurs because of a boundary line change, annexation, attachment,  
128 consolidation, reorganization, or dissolution under section 162.071, 162.081, sections 162.171  
129 to 162.201, section 162.221, 162.223, 162.431, 162.441, or 162.451, or in the event that a school  
130 district assumes any territory from a district that ceases to exist for any reason, the department  
131 of elementary and secondary education shall make a proper adjustment to each affected district's  
132 local effort, so that each district's local effort figure conforms to the new boundary lines of the  
133 district. The department shall compute the local effort figure by applying the calendar year 2004  
134 assessed valuation data to the new land areas resulting from the boundary line change,  
135 annexation, attachment, consolidation, reorganization, or dissolution and otherwise follow the  
136 procedures described in this subdivision;

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

138 (a) 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 September of the previous year and who were in attendance one day or more during the  
141 preceding ten school days; and

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

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

157 (13) "Performance district", any district that has met performance standards and  
158 indicators as established by the department of elementary and secondary education for purposes  
159 of accreditation under section 161.092 and as reported on the final annual performance report  
160 for that district each year; for calculations to be utilized for payments in fiscal years subsequent

161 to fiscal year 2018, the number of performance districts shall not exceed twenty-five percent of  
162 all public school districts;

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

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

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

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

179 (18) "State adequacy target", the sum of the current operating expenditures of every  
180 performance district that falls entirely above the bottom five percent and entirely below the top  
181 five percent of average daily attendance, when such districts are rank-ordered based on their  
182 current operating expenditures per average daily attendance, divided by the total average daily  
183 attendance of all included performance districts. The department of elementary and secondary  
184 education shall first calculate the state adequacy target for fiscal year 2007 and recalculate the  
185 state adequacy target every two years using the most current available data. The recalculation  
186 shall never result in a decrease from the state adequacy target as calculated for fiscal years 2017  
187 and 2018 and any state adequacy target figure calculated subsequent to fiscal year 2018. Should  
188 a recalculation result in an increase in the state adequacy target amount, fifty percent of that  
189 increase shall be included in the state adequacy target amount in the year of recalculation, and  
190 fifty percent of that increase shall be included in the state adequacy target amount in the  
191 subsequent year. The state adequacy target may be adjusted to accommodate available  
192 appropriations as provided in subsection 7 of section 163.031;

193 (19) "Teacher", any teacher, teacher-secretary, substitute teacher, supervisor, principal,  
194 supervising principal, superintendent or assistant superintendent, school nurse, social worker,  
195 counselor or librarian who shall, regularly, teach or be employed for no higher than grade twelve

196 more than one-half time in the public schools and who is certified under the laws governing the  
197 certification of teachers in Missouri;

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

✓