

FIRST REGULAR SESSION

# HOUSE BILL NO. 921

96TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE AULL.

2078L.011

D. ADAM CRUMBLISS, Chief Clerk

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## AN ACT

To repeal sections 163.031 and 163.036, RSMo, and to enact in lieu thereof two new sections relating to state aid for schools.

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

Section A. Sections 163.031 and 163.036, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 163.031 and 163.036, to read as follows: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, the amount shall be no less than  
34 that computed in paragraph (c) of this subdivision, multiplied by the weighted average daily  
35 attendance pursuant to section 163.036, less any increase in revenue received from the classroom  
36 trust fund under section 163.043;

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

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

46 (b) For the 2007-08 school year, the state revenue received by a district from the state  
47 aid calculation under subsections 1 and 4 of this section, as applicable, and the classroom trust  
48 fund under section 163.043 shall not be less than the greater of state revenue received by a  
49 district in the 2004-05 or 2005-06 school year from the foundation formula, line 14, gifted,  
50 remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts  
51 multiplied by the sum of one plus the product of two-thirds multiplied by the remainder of the  
52 dollar value modifier minus one;

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

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

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

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

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

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

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

87 (3) For the 2008-09 school year, the amount of state aid shall be forty-four percent of the  
88 amount of state aid calculated for the district for the 2008-09 school year under the provisions

89 of subsection 1 of this section plus fifty-six percent of the total amount of state revenue received  
90 by the district for the 2005-06 school year from the foundation formula, line 14, gifted, remedial  
91 reading, exceptional pupil aid, fair share, and free textbook payments less any amounts received  
92 under section 163.043.

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

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

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

111 **(7) For the 2012-13 school year, the amount of state aid shall be eighty-two percent**  
112 **of the amount of state aid calculated for the district for the 2011-12 school year under the**  
113 **provisions of subsection 1 of this section plus eighteen percent of the total amount of state**  
114 **revenue received by the district for the 2005-06 school year from the foundation formula,**  
115 **line 14, gifted, remedial reading, exceptional pupil aid, fair share, and free textbook**  
116 **payments less any amounts received under section 163.043.**

117 **(8) For the 2013-14 school year, the amount of state aid shall be ninety percent of**  
118 **the amount of state aid calculated for the district for the 2011-12 school year under the**  
119 **provisions of subsection 1 of this section plus ten percent of the total amount of state**  
120 **revenue received by the district for the 2005-06 school year from the foundation formula,**  
121 **line 14, gifted, remedial reading, exceptional pupil aid, fair share, and free textbook**  
122 **payments less any amounts received under section 163.043.**

123           (9) (a) Notwithstanding subdivision (18) of section 163.011, the state adequacy target  
124 may not be adjusted downward to accommodate available appropriations in any year governed  
125 by this subsection.

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

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

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

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

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

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

156           5. For any school district meeting the eligibility criteria for state aid as established in  
157 section 163.021, but which is considered an option district under section 163.042 and therefore  
158 receives no state aid, the commissioner of education shall present a plan to the superintendent

159 of the school district for the waiver of rules and the duration of said waivers, in order to promote  
160 flexibility in the operations of the district and to enhance and encourage efficiency in the delivery  
161 of instructional services as provided in section 163.042.

162         6. (1) No less than seventy-five percent of the state revenue received under the  
163 provisions of subsections 1, 2, and 4 of this section shall be placed in the teachers' fund, and the  
164 remaining percent of such moneys shall be placed in the incidental fund. No less than  
165 seventy-five percent of one-half of the funds received from the school district trust fund  
166 distributed under section 163.087 shall be placed in the teachers' fund. One hundred percent of  
167 revenue received under the provisions of section 163.161 shall be placed in the incidental fund.  
168 One hundred percent of revenue received under the provisions of sections 168.500 to 168.515  
169 shall be placed in the teachers' fund.

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

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

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

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

187         7. If a school district's annual audit discloses that students were inappropriately identified  
188 as eligible for free and reduced lunch, special education, or limited English proficiency and the  
189 district does not resolve the audit finding, the department of elementary and secondary education  
190 shall require that the amount of aid paid pursuant to the weighting for free and reduced lunch,  
191 special education, or limited English proficiency in the weighted average daily attendance on the  
192 inappropriately identified pupils be repaid by the district in the next school year and shall  
193 additionally impose a penalty of one hundred percent of such aid paid on such pupils, which

194 penalty shall also be paid within the next school year. Such amounts may be repaid by the  
195 district through the withholding of the amount of state aid.

163.036. 1. In computing the amount of state aid a school district is entitled to receive  
2 for the minimum school term only under section 163.031, a school district may use an estimate  
3 of the weighted average daily attendance for the current year, or the weighted average daily  
4 attendance for the immediately preceding year or the weighted average daily attendance for the  
5 second preceding school year, whichever is greater. **Beginning with the 2011-12 school year  
6 and ending after the 2014-15 school year, in any school year in which the revenue allocated  
7 for the state foundation formula is insufficient to fully fund the appropriate phase-in step  
8 of the formula as set forth in subdivisions (6) to (8) of subsection 4 of section 163.031, a  
9 school district shall be permitted to calculate an average daily attendance figure not to  
10 exceed two percent of the regular school year's weighted average daily attendance for the  
11 preceding school year for reimbursement for summer school state student aid.** Beginning  
12 with the 2006-07 school year, the summer school attendance included in the average daily  
13 attendance as defined in subdivision (2) of section 163.011 shall include only the attendance  
14 hours of pupils that attend summer school in the current year. Beginning with the 2004-05  
15 school year, when a district's official calendar for the current year contributes to a more than ten  
16 percent reduction in the average daily attendance for kindergarten compared to the immediately  
17 preceding year, the payment attributable to kindergarten shall include only the current year  
18 kindergarten average daily attendance. Any error made in the apportionment of state aid because  
19 of a difference between the actual weighted average daily attendance and the estimated weighted  
20 average daily attendance shall be corrected as provided in section 163.091, except that if the  
21 amount paid to a district estimating weighted average daily attendance exceeds the amount to  
22 which the district was actually entitled by more than five percent, interest at the rate of six  
23 percent shall be charged on the excess and shall be added to the amount to be deducted from the  
24 district's apportionment the next succeeding year.

25 2. Notwithstanding the provisions of subsection 1 of this section or any other provision  
26 of law, the state board of education shall make an adjustment for the immediately preceding year  
27 for any increase in the actual weighted average daily attendance above the number on which the  
28 state aid in section 163.031 was calculated. Said adjustment shall be made in the manner  
29 providing for correction of errors under subsection 1 of this section.

30 3. Any error made in the apportionment of state aid because of a difference between the  
31 actual equalized assessed valuation for the current year and the estimated equalized assessed  
32 valuation for the current year shall be corrected as provided in section 163.091, except that if the  
33 amount paid to a district estimating current equalized assessed valuation exceeds the amount to  
34 which the district was actually entitled, interest at the rate of six percent shall be charged on the

35 excess and shall be added to the amount to be deducted from the district's apportionment the next  
36 succeeding year.

37 4. For the purposes of distribution of state school aid pursuant to section 163.031, a  
38 school district with ten percent or more of its assessed valuation that is owned by one person or  
39 corporation as commercial or personal property who is delinquent in a property tax payment may  
40 elect, after receiving notice from the county clerk on or before March fifteenth that more than  
41 ten percent of its current taxes due the preceding December thirty-first by a single property owner  
42 are delinquent, to use in the local effort calculation of the state aid formula the district's  
43 equalized assessed valuation for the preceding year or the actual assessed valuation of the year  
44 for which the taxes are delinquent less the assessed valuation of property for which the current  
45 year's property tax is delinquent. To qualify for use of the actual assessed valuation of the year  
46 for which the taxes are delinquent less the assessed valuation of property for which the current  
47 year's property tax is delinquent, a district must notify the department of elementary and  
48 secondary education on or before April first, except in the year enacted, of the current year  
49 amount of delinquent taxes, the assessed valuation of such property for which delinquent taxes  
50 are owed and the total assessed valuation of the district for the year in which the taxes were due  
51 but not paid. Any district giving such notice to the department of elementary and secondary  
52 education shall present verification of the accuracy of such notice obtained from the clerk of the  
53 county levying delinquent taxes. When any of the delinquent taxes identified by such notice are  
54 paid during a four-year period following the due date, the county clerk shall give notice to the  
55 district and the department of elementary and secondary education, and state aid paid to the  
56 district shall be reduced by an amount equal to the delinquent taxes received plus interest. The  
57 reduction in state aid shall occur over a period not to exceed five years and the interest rate on  
58 excess state aid not refunded shall be six percent annually.

59 5. If a district receives state aid based on equalized assessed valuation as determined by  
60 subsection 4 of this section and if prior to such notice the district was paid state aid pursuant to  
61 section 163.031, the amount of state aid paid during the year of such notice and the first year  
62 following shall equal the sum of state aid paid pursuant to section 163.031 plus the difference  
63 between the state aid amount being paid after such notice minus the amount of state aid the  
64 district would have received pursuant to section 163.031 before such notice. To be eligible to  
65 receive state aid based on this provision the district must levy during the first year following such  
66 notice at least the maximum levy permitted school districts by article X, section 11(b) of the  
67 Missouri Constitution and have a voluntary rollback of its tax rate which is no greater than one  
68 cent per one hundred dollars assessed valuation.