

SECOND REGULAR SESSION

# HOUSE BILL NO. 2059

## 93RD GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES LAMPE (Sponsor), STORCH, LOW (39), BOGETTO, ROBINSON, AULL, OXFORD, ROORDA, SALVA, SCHOEMEHL, WILDBERGER, CORCORAN, DONNELLY, RUCKER, BAKER (25), WITTE, SWINGER, KUESSNER, VILLA, YOUNG, FRASER, BURNETT, LeVOTA, SKAGGS, JOLLY, JOHNSON (90) AND WRIGHT-JONES (Co-sponsors).

Read 1st time March 28, 2006 and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

5525L.011

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### AN ACT

To repeal sections 163.011 and 163.031 as enacted by conference committee substitute for house committee substitute for senate substitute for senate committee substitute for senate bill no. 287, ninety-third general assembly, first regular session, and to enact in lieu thereof two new sections relating to state aid for schools, with an emergency clause.

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

Section A. Sections 163.011 and 163.031 as enacted by conference committee substitute  
2 for house committee substitute for senate substitute for senate committee substitute for senate  
3 bill no. 287, ninety-third general assembly, first regular session, are repealed and two new  
4 sections 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, RSMo;

5 (2) "Average daily attendance", the quotient or the sum of the quotients obtained by  
6 dividing the total number of hours attended in a term by resident pupils between the ages of five  
7 and twenty-one by the actual number of hours school was in session in that term. To the average  
8 daily attendance of the following school term shall be added the full-time equivalent average  
9 daily attendance of summer school students. "Full-time equivalent average daily attendance of

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.

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

22 (3) "Current operating expenditures":

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

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

38 (4) "District's tax rate ceiling", the highest tax rate ceiling in effect subsequent to the  
39 1980 tax year or any subsequent year. Such tax rate ceiling shall not contain any tax levy for  
40 debt service;

41 (5) "Dollar value modifier", an index of the relative purchasing power of a dollar,  
42 calculated as one plus fifteen percent of the difference of the regional wage ratio minus one,  
43 provided that the dollar value modifier shall not be applied at a rate less than 1.0:

44 (a) "County wage per job", the total county wage and salary disbursements divided by  
45 the total county wage and salary employment for each county and the city of St. Louis as reported

46 by the Bureau of Economic Analysis of the United States Department of Commerce for the  
47 fourth year preceding the payment year;

48 (b) "Regional wage per job":

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

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

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

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

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

69 (6) "Free and reduced lunch pupil count", the number of pupils eligible for free and  
70 reduced lunch on the last Wednesday in January for the preceding school year who were enrolled  
71 as students of the district, as approved by the department in accordance with applicable federal  
72 regulations;

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

78 (8) **"Gifted education pupil count", the number of public school students enrolled**  
79 **in special programs for gifted children and receiving services from the resident district as**  
80 **of December first of the preceding school year;**

81           **(9)** "Limited English proficiency pupil count", the number in the preceding school year  
82 of pupils aged three through twenty-one enrolled or preparing to enroll in an elementary school  
83 or secondary school who were not born in the United States or whose native language is a  
84 language other than English or are Native American or Alaskan native, or a native resident of  
85 the outlying areas, and come from an environment where a language other than English has had  
86 a significant impact on such individuals' level of English language proficiency, or are migratory,  
87 whose native language is a language other than English, and who come from an environment  
88 where a language other than English is dominant; and have difficulties in speaking, reading,  
89 writing, or understanding the English language sufficient to deny such individuals the ability to  
90 meet the state's proficient level of achievement on state assessments described in Public Law  
91 107-10, the ability to achieve successfully in classrooms where the language of instruction is  
92 English, or the opportunity to participate fully in society;

93           **[(9)] (10)** "Limited English proficiency threshold" shall be calculated by dividing the  
94 total limited English proficiency pupil count of every performance district that falls entirely  
95 above the bottom five percent and entirely below the top five percent of average daily attendance,  
96 when such districts are rank-ordered based on their current operating expenditures per average  
97 daily attendance, by the total average daily attendance of all included performance districts;

98           **[(10)] (11)** "Local effort":

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

115           (b) In every year subsequent to fiscal year 2007, "local effort" shall be the amount  
116 calculated under paragraph (a) of this subdivision plus any increase in the amount received for

117 school purposes from fines. If a district's assessed valuation has decreased subsequent to the  
118 calculation outlined in paragraph (a) of this subdivision, the district's local effort shall be  
119 calculated using the district's current assessed valuation in lieu of the assessed valuation utilized  
120 in calculation outlined in paragraph (a) of this subdivision;

121 ~~[(11)]~~ **(12)** "Membership" shall be the average of:

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

126 (b) The number of resident full-time students and the full-time equivalent number of  
127 part-time students who were enrolled in the public schools of the district on the last Wednesday  
128 in January of the previous year and who were in attendance one day or more during the preceding  
129 ten school days, plus the full-time equivalent number of summer school pupils.

130

131 "Full-time equivalent number of part-time students" is determined by dividing the total number  
132 of hours for which all part-time students are enrolled by the number of hours in the school term.

133 "Full-time equivalent number of summer school pupils" is determined by dividing the total  
134 number of hours for which all summer school pupils were enrolled by the number of hours  
135 required pursuant to section 160.011, RSMo, in the school term. Only students eligible to be  
136 counted for average daily attendance shall be counted for membership;

137 ~~[(12)]~~ **(13)** "Operating levy for school purposes", the sum of tax rates levied for teachers'  
138 and incidental funds plus the operating levy or sales tax equivalent pursuant to section 162.1100,  
139 RSMo, of any transitional school district containing the school district, in the payment year, not  
140 including any equalized operating levy for school purposes levied by a special school district in  
141 which the district is located;

142 ~~[(13)]~~ **(14)** "Performance district", any district that has met all performance standards and  
143 indicators as established by the department of elementary and secondary education for purposes  
144 of accreditation under section 161.092, RSMo, and as reported on the final annual performance  
145 report for that district each year;

146 ~~[(14)]~~ **(15)** "Performance levy", three dollars and forty-three cents;

147 ~~[(15)]~~ **(16)** "School purposes" pertains to teachers' and incidental funds;

148 ~~[(16)]~~ **(17)** "Special education pupil count", the number of public school students with  
149 a current individualized education program and receiving services from the resident district as  
150 of December first of the preceding school year, except for special education services provided  
151 through a school district established under sections 162.815 to 162.940, RSMo, in a county with  
152 a charter form of government and with more than one million inhabitants, in which case the sum

153 of the students in each district within the county exceeding the special education threshold of  
154 each respective district within the county shall be counted within the special district and not in  
155 the district of residence for purposes of distributing the state aid derived from the special  
156 education pupil count;

157 [(17)] (18) "Special education threshold" shall be calculated by dividing the total special  
158 education pupil count of every performance district that falls entirely above the bottom five  
159 percent and entirely below the top five percent of average daily attendance, when such districts  
160 are rank-ordered based on their current operating expenditures per average daily attendance, by  
161 the total average daily attendance of all included performance districts;

162 [(18)] (19) "State adequacy target", the sum of the current operating expenditures of  
163 every performance district that falls entirely above the bottom five percent and entirely below  
164 the top five percent of average daily attendance, when such districts are rank-ordered based on  
165 their current operating expenditures per average daily attendance, divided by the total average  
166 daily attendance of all included performance districts. The department of elementary and  
167 secondary education shall first calculate the state adequacy target for fiscal year 2007 and  
168 recalculate the state adequacy target every two years using the most current available data. The  
169 recalculation shall never result in a decrease from the previous state adequacy target amount.  
170 Should a recalculation result in an increase in the state adequacy target amount, fifty percent of  
171 that increase shall be included in the state adequacy target amount in the year of recalculation,  
172 and fifty percent of that increase shall be included in the state adequacy target amount in the  
173 subsequent year. The state adequacy target may be adjusted to accommodate available  
174 appropriations;

175 [(19)] (20) "Teacher", any teacher, teacher-secretary, substitute teacher, supervisor,  
176 principal, supervising principal, superintendent or assistant superintendent, school nurse, social  
177 worker, counselor or librarian who shall, regularly, teach or be employed for no higher than  
178 grade twelve more than one-half time in the public schools and who is certified under the laws  
179 governing the certification of teachers in Missouri;

180 [(20)] (21) "Weighted average daily attendance", the average daily attendance plus the  
181 product of twenty-five hundredths multiplied by the free and reduced lunch pupil count that  
182 exceeds the free and reduced lunch threshold, plus the product of seventy-five hundredths  
183 multiplied by the number of special education pupil count that exceeds the special education  
184 threshold, [and] plus the product of six-tenths multiplied by the number of limited English  
185 proficiency pupil count that exceeds the limited English proficiency threshold, **and plus the**  
186 **product of five-tenths multiplied by the gifted education pupil count.** For special districts  
187 established under sections 162.815 to 162.940, RSMo, in a county with a charter form of  
188 government and with more than one million inhabitants, weighted average daily attendance shall

189 be the average daily attendance plus the product of twenty-five hundredths multiplied by the free  
190 and reduced lunch pupil count that exceeds the free and reduced lunch threshold, plus the  
191 product of seventy- five hundredths multiplied by the sum of the special education pupil count  
192 that exceeds the threshold for each county district, plus the product of six-tenths multiplied by  
193 the limited English proficiency pupil count that exceeds the limited English proficiency  
194 threshold, **plus the product of five-tenths multiplied by the gifted education pupil count.**  
195 None of the districts comprising a special district established under sections 162.815 to 162.940,  
196 RSMo, in a county with a charter form of government and with more than one million  
197 inhabitants, shall use any special education pupil count in calculating their weighted average  
198 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:

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

10 (a) For the 2006-07 school year, the state revenue per weighted average daily attendance  
11 received by a district from the state aid calculation under subsections 1 and 4 of this section, as  
12 applicable, and the classroom trust fund under section 163.043 shall not be less than the state  
13 revenue received by a district in the 2005-06 school year from the foundation formula, line 14,  
14 gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payment amounts  
15 multiplied by the sum of one plus the product of one-third multiplied by the remainder of the  
16 dollar value modifier minus one, and dividing this product by the weighted average daily  
17 attendance computed for the 2005-06 school year;

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, RSMo; the vocational education entitlement for the district, as provided for in section  
69 167.332, RSMo; and the district educational and screening program entitlements as provided for  
70 in sections 178.691 to 178.699, RSMo. The categorical add-on revenue amounts may be  
71 adjusted to accommodate 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 percent of  
106 the amount of state aid calculated for the district for the 2011-12 school year under the provisions  
107 of subsection 1 of this section plus fourteen percent of the total amount of state revenue received  
108 by the district for the 2005-06 school year from the foundation formula, line 14, gifted, remedial  
109 reading, exceptional pupil aid, fair share, and free textbook payments less any amounts received  
110 under section 163.043.

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

114 (b) If a school district experiences a decrease in summer school average daily attendance  
115 of more than fifteen percent from the district's 2005-06 summer school average daily attendance  
116 in any year governed by this subsection, an amount equal to the product of the percent reduction  
117 in the district's summer school average daily attendance multiplied by the funds generated by the  
118 district's summer school program in the 2005-06 school year shall be subtracted from the  
119 district's current year payment amount.

120 [(c) If a school district experiences a decrease in its gifted program enrollment of more  
121 than twenty percent from its 2005-06 gifted program enrollment in any year governed by this  
122 subsection, an amount equal to the product of the percent reduction in the district's gifted  
123 program enrollment multiplied by the funds generated by the district's gifted program in the  
124 2005-06 school year shall be subtracted from the district's current year payment amount.]

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

131 6. (1) No less than seventy-five percent of the state revenue received under the  
132 provisions of subsections 1, 2, and 4 of this section shall be placed in the teachers' fund, and the

133 remaining percent of such moneys shall be placed in the incidental fund. No less than  
134 seventy-five percent of one-half of the funds received from the school district trust fund  
135 distributed under section 163.087 shall be placed in the teachers' fund. One hundred percent of  
136 revenue received under the provisions of section 163.161 shall be placed in the incidental fund.  
137 One hundred percent of revenue received under the provisions of sections 168.500 to 168.515,  
138 RSMo, shall be placed in the teachers' fund.

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

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

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

146 (c) Beginning in fiscal year 2008, as much as was spent per the second preceding year's  
147 weighted average daily attendance for certificated compensation and tuition expenditures the  
148 previous year from revenue produced by local and county tax sources in the teachers' fund, plus  
149 the amount of the incidental fund to teachers' fund transfer calculated to be local and county tax  
150 sources by dividing local and county tax sources in the incidental fund by total revenue in the  
151 incidental fund.

152

153 In the event a district fails to comply with this provision, the amount by which the district fails  
154 to spend funds as provided herein shall be deducted from the district's state revenue received  
155 under the provisions of subsections 1, 2, and 4 of this section for the following year, provided  
156 that the state board of education may exempt a school district from this provision if the state  
157 board of education determines that circumstances warrant such exemption.

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

Section B. Because immediate action is necessary to ensure adequate funding for  
2 schools, section A of 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 section A of this act shall be in full force and effect on July 1,  
5 2006, or upon its passage and approval, whichever later occurs.

✓