SECOND REGULAR SESSION
[TRULY AGREED TO AND FINALLY PASSED]
SENATE COMMITTEE SUBSTITUTE FOR
HOUSE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NO. 1689
97TH GENERAL ASSEMBLY

4967S.05T 2014

AN ACT

To repeal sections 160.053, 160.054, 160.055, 163.011, and 163.031, RSMo, and to enact in lieu thereof six new sections relating to elementary and secondary education, with an effective date.

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

Section A. Sections 160.053, 160.054, 160.055, 163.011, and 163.031, RSMo, are repealed and six new sections enacted in lieu thereof, to be known as sections 160.053, 160.054, 160.055, 163.011, 163.018, and 163.031, to read as follows:

160.053. 1. If a school district maintains a prekindergarten program, a child is eligible for admission to that prekindergarten program only if the child has reached the age of three before the first day of August of the school year beginning in that calendar year. If a school district maintains a kindergarten program, a child is eligible for admission to kindergarten and to the summer school session immediately preceding kindergarten, if offered, if the child reaches the age of five before the first day of August of the school year beginning in that calendar year or if the child is a military dependent who has successfully completed an accredited prekindergarten program or has attended an accredited kindergarten program in another state. A child is eligible for admission to first grade if the child reaches the age of six before the first day of August of the school year beginning in that calendar year or if the child is a military dependent who has successfully completed an accredited kindergarten program in another state.

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.
2. Any kindergarten or grade one pupil beginning the school term and any pupil
beginning summer school prior to a kindergarten school term in a metropolitan school district
or an urban school district containing the greater part of the population of a city which has more
than three hundred thousand inhabitants pursuant to section 160.054 or 160.055 and
subsequently transferring to another school district in this state in which the child's birth date
would preclude such child's eligibility for entrance shall be deemed eligible for attendance and
shall not be required to meet the minimum age requirements. The receiving school district shall
receive state aid for the child, notwithstanding the provisions of section 160.051.

3. Any child who completes the kindergarten year shall not be required to meet the age
requirements of a district for entrance into grade one.

4. The provisions of this section relating to kindergarten instruction and state aid therefor
shall not apply during any particular school year to those districts which do not provide
kindergarten classes that year.

160.054. 1. Notwithstanding any provisions of sections 160.051 and 160.053, to the
contrary, beginning with the 1997-98 school year, all metropolitan school districts, except as
provided in subsection 2 of this section, may establish and enforce a regulation which requires
that a child shall have attained the age of three by August first for purposes of
prekindergarten if a school district maintains such a program, the age of five for purposes
of kindergarten and summer school prior to a kindergarten school term, and the age of six for
purposes of grade one, on or before any date between August first and October first of that year.
The school district shall receive state aid for any child admitted to kindergarten, summer school
prior to kindergarten, or grade one pursuant to this section, notwithstanding the provisions of
section 160.051.

2. Any kindergarten or grade one pupil beginning the school term and any pupil
beginning summer school prior to a kindergarten school term in a metropolitan school district
and subsequently transferring to another school district in this state in which the child's birth date
would preclude such child's eligibility for entrance shall be deemed eligible for attendance and
shall not be required to meet the minimum age requirements. The receiving school district shall
receive state aid for the child, notwithstanding the provisions of section 160.051.

3. Any child who completes the kindergarten year in a metropolitan school district shall
not be required to meet the minimum age requirements of another school district in this state for
entrance into grade one.

4. The provisions of subsections 1 and 2 of this section, relating to kindergarten
instruction and state aid therefor, shall not apply during any particular school year to those
districts which do not provide kindergarten classes that year.
160.055.  1. Notwithstanding any provisions of sections 160.051 and 160.053, to the contrary, beginning with the 1997-98 school year, all urban school districts containing the greater part of the population of a city which has more than three hundred thousand inhabitants, except as provided in subsection 2 of this section, may establish and enforce a regulation which requires that a child shall have attained the age of **three by August first for purposes of prekindergarten if a school district maintains such a program**, the age of **five for purposes of kindergarten and summer school prior to a kindergarten school term**, and the age of **six for purposes of grade one, on or before any date between August first and October first of that year.** The school district shall receive state aid for any child admitted to kindergarten, summer school prior to kindergarten, or grade one pursuant to this section, notwithstanding the provisions of section 160.051.

   2. Any kindergarten or grade one pupil beginning the school term and any pupil beginning summer school prior to a kindergarten school term in an urban school district in this state containing the greater part of the population of a city which has more than three hundred thousand inhabitants and subsequently transferring to another school district in this state in which the child's birth date would preclude such child's eligibility for entrance shall be deemed eligible for attendance and shall not be required to meet the minimum age requirements. The receiving school district shall receive state aid for the child, notwithstanding the provisions of section 160.051.

   3. Any child who completes the kindergarten year in an urban school district containing the greater part of the population of a city which has more than three hundred thousand inhabitants shall not be required to meet the minimum age requirements of another school district in this state for entrance into grade one.

   4. The provisions of subsections 1 and 2 of this section, relating to kindergarten instruction and state aid therefor, shall not apply during any particular school year to those districts which do not provide kindergarten classes that year.

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

(3) "Current operating expenditures":

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

(b) In every fiscal year subsequent to fiscal year 2007, current operating expenditures shall be the amount in paragraph (a) of this subdivision plus any increases in state funding pursuant to sections 163.031 and 163.043 subsequent to fiscal year 2005, not to exceed five percent, per recalculation, of the state revenue received by a district in the 2004-05 school year from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payments for any district from the first preceding calculation of the state adequacy target. Beginning on July 1, 2010, current operating expenditures shall be the amount in paragraph (a) of this subdivision plus any increases in state funding pursuant to sections 163.031 and 163.043 subsequent to fiscal year 2005 received by a district in the 2004-05 school year from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payments for any district from the first preceding calculation of the state adequacy target;
"District's tax rate ceiling", the highest tax rate ceiling in effect subsequent to the 1980 tax year or any subsequent year. Such tax rate ceiling shall not contain any tax levy for debt service;

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

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

(b) "Regional wage per job".

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

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

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

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

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

(6) "Free and reduced lunch pupil count", for school districts not eligible for and those that do not choose the USDA Community Eligibility Option, the number of pupils eligible for free and reduced lunch on the last Wednesday in January for the preceding school year who were enrolled as students of the district, as approved by the department in accordance with applicable federal regulations. For eligible school districts that choose the USDA Community
Eligibility Option, the free and reduced lunch pupil count shall be the percentage of free and reduced lunch students calculated as eligible on the last Wednesday in January of the most recent school year that included household applications to determine free and reduced lunch count multiplied by the district's average daily attendance figure;

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

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

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

(10) "Local effort":

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

(b) In every year subsequent to fiscal year 2007, "local effort" shall be the amount calculated under paragraph (a) of this subdivision plus any increase in the amount received for school purposes from fines. If a district's assessed valuation has decreased subsequent to the calculation outlined in paragraph (a) of this subdivision, the district's local effort shall be calculated using the district's current assessed valuation in lieu of the assessed valuation utilized in the calculation outlined in paragraph (a) of this subdivision. When a change in a school district's boundary lines occurs because of a boundary line change, annexation, attachment, consolidation, reorganization, or dissolution under section 162.071, 162.081, sections 162.171 to 162.201, section 162.221, 162.223, 162.431, 162.441, or 162.451, or in the event that a school district assumes any territory from a district that ceases to exist for any reason, the department of elementary and secondary education shall make a proper adjustment to each affected district's local effort, so that each district's local effort figure conforms to the new boundary lines of the district. The department shall compute the local effort figure by applying the calendar year 2004 assessed valuation data to the new land areas resulting from the boundary line change, annexation, attachment, consolidation, reorganization, or dissolution and otherwise follow the procedures described in this subdivision;

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

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

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

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

(13) "Performance district", any district that has met [all] performance standards and indicators as established by the department of elementary and secondary education for purposes of accreditation under section 161.092 and as reported on the final annual performance report for that district each year; for calculations to be utilized for payments in fiscal years subsequent to fiscal year 2018, the number of performance districts shall not exceed twenty-five percent of all public school districts;

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

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

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

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

(18) "State adequacy target", the sum of the current operating expenditures of every performance district that falls entirely above the bottom five percent and entirely below the top five percent of average daily attendance, when such districts are rank-ordered based on their current operating expenditures per average daily attendance, divided by the total average daily attendance of all included performance districts. The department of elementary and secondary education shall first calculate the state adequacy target for fiscal year 2007 and recalculate the
state adequacy target every two years using the most current available data. The recalculation
shall never result in a decrease from the previous state adequacy target amount. Should a
recalculation result in an increase in the state adequacy target amount, fifty percent of that
increase shall be included in the state adequacy target amount in the year of recalculation, and
fifty percent of that increase shall be included in the state adequacy target amount in the
subsequent year. The state adequacy target may be adjusted to accommodate available
appropriations as provided in subsection 8 of section 163.031;

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

(20) "Weighted average daily attendance", the average daily attendance plus the product
of twenty-five hundredths multiplied by the free and reduced lunch pupil count that exceeds the
free and reduced lunch threshold, plus the product of seventy-five hundredths multiplied by the
number of special education pupil count that exceeds the special education threshold, plus the
product of six-tenths multiplied by the number of limited English proficiency pupil count that
exceeds the limited English proficiency threshold. For special districts established under
sections 162.815 to 162.940 in a county with a charter form of government and with more than
one million inhabitants, weighted average daily attendance shall be the average daily attendance
plus the product of twenty-five hundredths multiplied by the free and reduced lunch pupil count
that exceeds the free and reduced lunch threshold, plus the product of seventy-five hundredths
multiplied by the sum of the special education pupil count that exceeds the threshold for each
county district, plus the product of six-tenths multiplied by the limited English proficiency pupil
count that exceeds the limited English proficiency threshold. None of the districts comprising
a special district established under sections 162.815 to 162.940 in a county with a charter form
of government and with more than one million inhabitants, shall use any special education pupil
count in calculating their weighted average daily attendance.

163.018. 1. Notwithstanding the definition of "average daily attendance" in
subdivision (2) of section 163.011 to the contrary, pupils between the ages of three and five
who are eligible for free and reduced lunch and attend an early childhood education
program that is operated by and in a district or by a charter school that has declared itself
as a local educational agency providing full-day kindergarten and that meets standards
established by the state board of education, shall be included in the district's or charter
school's calculation of average daily attendance. The total number of such pupils included
in the district's or charter school's calculation of average daily attendance shall not exceed
four percent of the total number of pupils who are eligible for free and reduced lunch between the ages of three and eighteen who are included in the district's or charter school's calculation of average daily attendance.

2. (1) For any district that has been declared unaccredited by the state board of education and remains unaccredited as of July 1, 2015, the provisions of subsection 1 of this section shall become applicable during the 2015-2016 school year;

(2) For any district that is declared unaccredited by the state board of education after July 1, 2015, the provisions of subsection 1 of this section shall become applicable immediately upon such declaration;

(3) For any district that has been declared provisionally accredited by the state board of education and remains provisionally accredited as of July 1, 2016, the provisions of subsection 1 of this section shall become applicable beginning in the 2016-2017 school year;

(4) For any district that is declared provisionally accredited by the state board of education after July 1, 2016, the provisions of this section shall become applicable beginning in the 2016-2017 school year or immediately upon such declaration, whichever is later;

(5) For all other districts, the provisions of subsection 1 of this section shall become effective in any school year subsequent to a school year in which the amount appropriated for subsections 1 and 2 of section 163.031 is equal to or exceeds the amount necessary to fund the entire entitlement calculation determined by subsections 1 and 2 of section 163.031, and shall remain effective in all school years thereafter, irrespective of the amount appropriated for subsections 1 and 2 of section 163.031 in any succeeding year.

3. This section shall not require school attendance beyond that mandated under section 167.031 and shall not change or amend the provisions of sections 160.051, 160.053, 160.054, and 160.055 relating to kindergarten attendance.

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:
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(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;

(b) For the 2007-08 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 two-thirds 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;

(c) For the 2008-09 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 dollar value modifier, and dividing this product by the weighted average daily attendance computed for the 2005-06 school year;

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

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

(a) For the 2006-07 school year, the state revenue 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 greater of state revenue received by a district in the 2004-05 or 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;
(b) For the 2007-08 school year, the state revenue 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 greater of state revenue received by a district in the 2004-05 or 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 two-thirds multiplied by the remainder of the dollar value modifier minus one;

(c) For the 2008-09 school year, the state revenue 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 greater of state revenue received by a district in the 2004-05 or 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 dollar value modifier;

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

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

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

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

(1) For the 2006-07 school year, the amount shall be fifteen percent of the amount of state aid calculated for the district for the 2006-07 school year under the provisions of subsection 1 of this section, plus eighty-five percent of the total amount of state revenue received by the district for the 2005-06 school year from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payments less any amounts received under section 163.043.
(2) For the 2007-08 school year, the amount shall be thirty percent of the amount of state aid calculated for the district for the 2007-08 school year under the provisions of subsection 1 of this section, plus seventy percent of the total amount of state revenue received by the district for the 2005-06 school year from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share, and free textbook payments less any amounts received under section 163.043.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8. Notwithstanding any provision of law to the contrary, in any fiscal year during
which the total formula appropriation is insufficient to fully fund the entitlement
calculation of this section, the department of elementary and secondary education shall
adjust the state adequacy target in order to accommodate the appropriation level for the
given fiscal year. In no manner shall any payment modification be rendered for any
district qualified to receive payments under subsection 2 of this section based on insufficient appropriations.

Section B. Section A of this act shall become effective July 1, 2015.