

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
2 repealed and six new sections enacted in lieu thereof, to be known as sections 160.053, 160.054,
3 160.055, 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**
2 **eligible for admission to that prekindergarten program only if the child has reached the**
3 **age of three before the first day of August of the school year beginning in that calendar**
4 **year.** If a school district maintains a kindergarten program, a child is eligible for admission to
5 kindergarten and to the summer school session immediately preceding kindergarten, if offered,
6 if the child reaches the age of five before the first day of August of the school year beginning in
7 that calendar year or if the child is a military dependent who has successfully completed an
8 accredited prekindergarten program or has attended an accredited kindergarten program in
9 another state. A child is eligible for admission to first grade if the child reaches the age of six
10 before the first day of August of the school year beginning in that calendar year or if the child
11 is a military dependent who has successfully completed an accredited kindergarten program in
12 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.

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

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

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

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

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

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

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

160.055. 1. Notwithstanding any provisions of sections 160.051 and 160.053, to the
2 contrary, beginning with the 1997-98 school year, all urban school districts containing the greater
3 part of the population of a city which has more than three hundred thousand inhabitants, except
4 as provided in subsection 2 of this section, may establish and enforce a regulation which requires
5 that a child shall have attained the age of **three by August first for purposes of**
6 **prekindergarten if a school district maintains such a program, the age of** five for purposes
7 of kindergarten and summer school prior to a kindergarten school term, and the age of six for
8 purposes of grade one, on or before any date between August first and October first of that year.
9 The school district shall receive state aid for any child admitted to kindergarten, summer school
10 prior to kindergarten, or grade one pursuant to this section, notwithstanding the provisions of
11 section 160.051.

12 2. Any kindergarten or grade one pupil beginning the school term and any pupil
13 beginning summer school prior to a kindergarten school term in an urban school district in this
14 state containing the greater part of the population of a city which has more than three hundred
15 thousand inhabitants and subsequently transferring to another school district in this state in which
16 the child's birth date would preclude such child's eligibility for entrance shall be deemed eligible
17 for attendance and shall not be required to meet the minimum age requirements. The receiving
18 school district shall receive state aid for the child, notwithstanding the provisions of section
19 160.051.

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

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

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;

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
10 summer school students" shall be computed by dividing the total number of hours, except for

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

24 (3) "Current operating expenditures":

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

33 (b) In every fiscal year subsequent to fiscal year 2007, current operating expenditures
34 shall be the amount in paragraph (a) of this subdivision plus any increases in state funding
35 pursuant to sections 163.031 and 163.043 subsequent to fiscal year 2005, not to exceed five
36 percent, per recalculation, of the state revenue received by a district in the 2004-05 school year
37 from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair share,
38 and free textbook payments for any district from the first preceding calculation of the state
39 adequacy target. Beginning on July 1, 2010, current operating expenditures shall be the amount
40 in paragraph (a) of this subdivision plus any increases in state funding pursuant to sections
41 163.031 and 163.043 subsequent to fiscal year 2005 received by a district in the 2004-05 school
42 year from the foundation formula, line 14, gifted, remedial reading, exceptional pupil aid, fair
43 share, and free textbook payments for any district from the first preceding calculation of the state
44 adequacy target;

45 (4) "District's tax rate ceiling", the highest tax rate ceiling in effect subsequent to the
46 1980 tax year or any subsequent year. Such tax rate ceiling shall not contain any tax levy for
47 debt service;

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

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

55 (b) "Regional wage per job":

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

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

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

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

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

76 (6) "Free and reduced lunch pupil count", **for school districts not eligible for and those**
77 **that do not choose the USDA Community Eligibility Option**, the number of pupils eligible
78 for free and reduced lunch on the last Wednesday in January for the preceding school year who
79 were enrolled as students of the district, as approved by the department in accordance with
80 applicable federal regulations. **For eligible school districts that choose the USDA Community**

81 **Eligibility Option, the free and reduced lunch pupil count shall be the percentage of free**
82 **and reduced lunch students calculated as eligible on the last Wednesday in January of the**
83 **most recent school year that included household applications to determine free and**
84 **reduced lunch count multiplied by the district's average daily attendance figure;**

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

90 (8) "Limited English proficiency pupil count", the number in the preceding school year
91 of pupils aged three through twenty-one enrolled or preparing to enroll in an elementary school
92 or secondary school who were not born in the United States or whose native language is a
93 language other than English or are Native American or Alaskan native, or a native resident of
94 the outlying areas, and come from an environment where a language other than English has had
95 a significant impact on such individuals' level of English language proficiency, or are migratory,
96 whose native language is a language other than English, and who come from an environment
97 where a language other than English is dominant; and have difficulties in speaking, reading,
98 writing, or understanding the English language sufficient to deny such individuals the ability to
99 meet the state's proficient level of achievement on state assessments described in Public Law
100 107-10, the ability to achieve successfully in classrooms where the language of instruction is
101 English, or the opportunity to participate fully in society;

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

107 (10) "Local effort":

108 (a) For the fiscal year 2007 calculation, "local effort" shall be computed as the equalized
109 assessed valuation of the property of a school district in calendar year 2004 divided by one
110 hundred and multiplied by the performance levy less the percentage retained by the county
111 assessor and collector plus one hundred percent of the amount received in fiscal year 2005 for
112 school purposes from intangible taxes, fines, escheats, payments in lieu of taxes and receipts
113 from state-assessed railroad and utility tax, one hundred percent of the amount received for
114 school purposes pursuant to the merchants' and manufacturers' taxes under sections 150.010 to
115 150.370, one hundred percent of the amounts received for school purposes from federal
116 properties under sections 12.070 and 12.080 except when such amounts are used in the

117 calculation of federal impact aid pursuant to P.L. 81-874, fifty percent of Proposition C revenues
118 received for school purposes from the school district trust fund under section 163.087, and one
119 hundred percent of any local earnings or income taxes received by the district for school
120 purposes. Under this paragraph, for a special district established under sections 162.815 to
121 162.940 in a county with a charter form of government and with more than one million
122 inhabitants, a tax levy of zero shall be utilized in lieu of the performance levy for the special
123 school district;

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

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

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

146 (b) The number of resident full-time students and the full-time equivalent number of
147 part-time students who were enrolled in the public schools of the district on the last Wednesday
148 in January of the previous year and who were in attendance one day or more during the preceding
149 ten school days, plus the full-time equivalent number of summer school pupils. "Full-time
150 equivalent number of part-time students" is determined by dividing the total number of hours for
151 which all part-time students are enrolled by the number of hours in the school term. "Full-time
152 equivalent number of summer school pupils" is determined by dividing the total number of hours

153 for which all summer school pupils were enrolled by the number of hours required pursuant to
154 section 160.011 in the school term. Only students eligible to be counted for average daily
155 attendance shall be counted for membership;

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

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

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

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

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

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

183 (18) "State adequacy target", the sum of the current operating expenditures of every
184 performance district that falls entirely above the bottom five percent and entirely below the top
185 five percent of average daily attendance, when such districts are rank-ordered based on their
186 current operating expenditures per average daily attendance, divided by the total average daily
187 attendance of all included performance districts. The department of elementary and secondary
188 education shall first calculate the state adequacy target for fiscal year 2007 and recalculate the

189 state adequacy target every two years using the most current available data. The recalculation
190 shall never result in a decrease from the previous state adequacy target amount. Should a
191 recalculation result in an increase in the state adequacy target amount, fifty percent of that
192 increase shall be included in the state adequacy target amount in the year of recalculation, and
193 fifty percent of that increase shall be included in the state adequacy target amount in the
194 subsequent year. The state adequacy target may be adjusted to accommodate available
195 appropriations **as provided in subsection 8 of section 163.031;**

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

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

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

9 **four percent of the total number of pupils who are eligible for free and reduced lunch**
10 **between the ages of three and eighteen who are included in the district's or charter school's**
11 **calculation of average daily attendance.**

12 **2. (1) For any district that has been declared unaccredited by the state board of**
13 **education and remains unaccredited as of July 1, 2015, the provisions of subsection 1 of**
14 **this section shall become applicable during the 2015-2016 school year;**

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

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

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

26 **(5) For all other districts, the provisions of subsection 1 of this section shall become**
27 **effective in any school year subsequent to a school year in which the amount appropriated**
28 **for subsections 1 and 2 of section 163.031 is equal to or exceeds the amount necessary to**
29 **fund the entire entitlement calculation determined by subsections 1 and 2 of section**
30 **163.031, and shall remain effective in all school years thereafter, irrespective of the amount**
31 **appropriated for subsections 1 and 2 of section 163.031 in any succeeding year.**

32 **3. This section shall not require school attendance beyond that mandated under**
33 **section 167.031 and shall not change or amend the provisions of sections 160.051, 160.053,**
34 **160.054, and 160.055 relating to kindergarten 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; 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 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)] a. For the 2006-07 school year, if a school district experiences a decrease in summer
115 school average daily attendance of more than twenty percent from the district's 2005-06 summer
116 school average daily attendance, an amount equal to the product of the percent reduction that is

117 in excess of twenty percent of the district's summer school average daily attendance multiplied
118 by the funds generated by the district's summer school program in the 2005-06 school year shall
119 be subtracted from the district's current year payment amount.

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

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

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

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

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

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

150 6. (1) No less than seventy-five percent of the state revenue received under the
151 provisions of subsections 1, 2, and 4 of this section shall be placed in the teachers' fund, and the
152 remaining percent of such moneys shall be placed in the incidental fund. No less than

153 seventy-five percent of one-half of the funds received from the school district trust fund
154 distributed under section 163.087 shall be placed in the teachers' fund. One hundred percent of
155 revenue received under the provisions of section 163.161 shall be placed in the incidental fund.
156 One hundred percent of revenue received under the provisions of sections 168.500 to 168.515
157 shall be placed in the teachers' fund.

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

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

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

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

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

184 **8. Notwithstanding any provision of law to the contrary, in any fiscal year during**
185 **which the total formula appropriation is insufficient to fully fund the entitlement**
186 **calculation of this section, the department of elementary and secondary education shall**
187 **adjust the state adequacy target in order to accommodate the appropriation level for the**
188 **given fiscal year. In no manner shall any payment modification be rendered for any**

189 **district qualified to receive payments under subsection 2 of this section based on**
190 **insufficient appropriations.**

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

✓