

FIRST REGULAR SESSION

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HOUSE COMMITTEE SUBSTITUTE FOR

# HOUSE BILL NO. 637

98TH GENERAL ASSEMBLY

1488H.03P

D. ADAM CRUMBLISS, Chief Clerk

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## AN ACT

To repeal section 162.720, RSMo, and section 163.031 as enacted by house bill no. 1689, ninety-seventh general assembly, second regular session, and to enact in lieu thereof two new sections relating to gifted education, with a delayed effective date for a certain section.

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

Section A. Section 162.720, RSMo, and section 163.031 as enacted by house bill no. 1689, ninety-seventh general assembly, second regular session, are repealed and two new sections enacted in lieu thereof, to be known as sections 162.720 and 163.031, to read as follows:

162.720. 1. Where a sufficient number of children are determined to be gifted and their development requires programs or services beyond the level of those ordinarily provided in regular public school programs, districts may establish special programs for such gifted children.

2. The state board of education shall determine standards for such programs. Approval of such programs shall be made by the state department of elementary and secondary education based upon project applications submitted by July fifteenth of each year.

**3. No district shall make a determination as to whether a child is gifted based on the child's participation in an advanced placement course or international baccalaureate course. Districts shall only determine a child is gifted if the child meets the definition of "gifted children" as provided in section 162.675.**

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

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.

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

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

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

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

133 [e.] (e) This [paragraph] **subdivision** shall not be construed to permit any reduction  
134 applied under this [paragraph] **subdivision** to result in any district receiving a current-year  
135 payment that is less than the amount calculated for such district under subsection 2 of this  
136 section.

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

142 5. For any school district meeting the eligibility criteria for state aid as established in  
143 section 163.021, but which is considered an option district under section 163.042 and therefore  
144 receives no state aid, the commissioner of education shall present a plan to the superintendent  
145 of the school district for the waiver of rules and the duration of said waivers, in order to promote

146 flexibility in the operations of the district and to enhance and encourage efficiency in the delivery  
147 of instructional services as provided in section 163.042.

148         6. (1) No less than seventy-five percent of the state revenue received under the  
149 provisions of subsections 1, 2, and 4 of this section shall be placed in the teachers' fund, and the  
150 remaining percent of such moneys shall be placed in the incidental fund. No less than  
151 seventy-five percent of one-half of the funds received from the school district trust fund  
152 distributed under section 163.087 shall be placed in the teachers' fund. One hundred percent of  
153 revenue received under the provisions of section 163.161 shall be placed in the incidental fund.  
154 One hundred percent of revenue received under the provisions of sections 168.500 to 168.515  
155 shall be placed in the teachers' fund.

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

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

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

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

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

175         7. (1) If a school district's annual audit discloses that students were inappropriately  
176 identified as eligible for free and reduced lunch, special education, or limited English proficiency  
177 and the district does not resolve the audit finding, the department of elementary and secondary  
178 education shall require that the amount of aid paid pursuant to the weighting for free and reduced  
179 lunch, special education, or limited English proficiency in the weighted average daily attendance  
180 on the 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 **(2) Beginning in the 2016-2017 school year and in each school year after that, if a**  
185 **district experiences a decrease in its gifted program enrollment of twenty percent or more**  
186 **from the previous school year, an amount equal to the product of the difference between**  
187 **the number of students enrolled in the gifted program in the current school year and the**  
188 **number of students enrolled in the gifted program in the previous school year multiplied**  
189 **by six hundred eighty dollars shall be subtracted from the district's current year payment**  
190 **amount.**

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

Section B. Section 163.031 of Section A of this act shall become effective July 1, 2016.

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