



**DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
EDUCATIONAL FUNDING**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2003-36
April 16, 2003
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AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2003

The following problems were discovered as a result of an audit conducted by our office of the Department of Elementary and Secondary Education (DESE), Educational Funding.

For school year 2002, there were 524 public school districts in Missouri with a fall enrollment of approximately 890,195 students. The amount of aid distributed to Missouri's public school districts by the state is calculated by what is commonly referred to as the foundation formula, which is established by state law. In school year 2002, the foundation formula distributed to the public school districts approximately \$1.6 billion for basic entitlement and an additional \$328 million for the at-risk entitlement. The basic entitlement distributions account for about 24 percent of the total revenues districts received. In addition, various categorical add-ons to the formula provided approximately \$509 million of additional funds to public school districts.

The foundation formula contains a hold harmless provision, which states that no district shall receive less state aid per pupil under the new formula than it received in school year 1993. As a result of 1998 legislation, some hold harmless districts receive funding in excess of school year 1993 levels due to increases in the number of at risk students within the district. Hold harmless districts receive more monies than what is calculated by the basic entitlement. This occurs when the combined total of local, state, and federal revenues is greater than the amount calculated as the basic entitlement for the district.

According to DESE calculations, this provision allowed fifty-four districts to receive a revenue advantage of approximately \$244 million in school year 2002. The revenue advantage these districts receive allow the districts to have increased educational expenditures. Hold harmless districts have the ability to spend more per pupil with less of a local tax burden. It should also be noted that hold harmless districts would not be affected should funding cuts be made to basic entitlement distributions. This holds true because the hold harmless provision requires these districts to receive no less state aid per pupil than received in school year 1993. While the number of hold harmless districts will vary from year to year due to the various funding factors in the foundation formula, hold harmless districts have increased from 10 districts in school year 1993 to fifty-four districts in school year 2002.

Current proposals to remove gambling proceeds from the formula calculations would result in less equitable distributions to public schools. This is true because the gambling proceeds would no longer be available to offset disparities in local revenues which exist among school districts.

(over)

YELLOW SHEET

Our audit found that expenditures per pupil data among school districts is less equitable now than before the formula was rewritten in 1993. Also, in 2002, *Education Week* issued its "Quality Counts" report. This report was based on school year 1998 funding, and graded each state on the equality of expenditures among school districts. Missouri received a grade of D+, one of 17 states to receive a grade less than a C. In *Education Week's* January 2003 report, Missouri's equity score dropped to a D- with only 2 other states receiving a lower score. Further, the DESE does not periodically provide relevant information regarding the equity of educational funding to the legislature. The audit recommends the DESE annually calculate, and report to the legislature, six nationally recognized measures for determining school finance equity.

The foundation formula, which determines each district's state aid entitlement, uses the district income factor as one component in its calculations. This component of the formula is based on information provided by the Department of Revenue (DOR). The DOR summarizes adjusted gross income from Missouri income tax returns that indicate the school district information on individual returns. The 2000 tax return information was used for the school year 2003 foundation formula calculations. However, after DOR performed an edit check to apply or correct school district codes on state returns, 283,197 returns were missing a school district code and 173,416 returns had an erroneous code. These returns account for about 19 percent of the returns filed for the year and approximately \$25 billion, or 23 percent, of the Missouri adjusted gross income. Since approximately one-fourth of the state's adjusted gross income is not considered in the formula calculations, educational funding may not have been distributed as equitably as intended by the formula.

The audit also noted six districts received approximately \$1,142,000 from foundation formula distributions due to the districts levying an operating tax greater than allowed by state law. In addition, the audit reports the state is not in compliance with certain statutory funding requirements, and the state has not made necessary calculations to ensure that it is in compliance with a constitutional provision.

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DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
EDUCATIONAL FUNDING

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Members of the General Assembly
and
D. Kent King, Commissioner
Department of Elementary and Secondary Education
Jefferson City, MO 65102

We have audited certain aspects of educational funding for Missouri's public school districts. The objectives of this audit were to:

1. Determine whether funding of Missouri's public schools have become more equitable since the implementation of the Outstanding Schools Act.
2. Determine the accuracy of certain data used in foundation formula calculations.
3. Determine compliance with certain statutory requirements regarding educational funding.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed applicable state laws, regulations, and procedures relating to the distribution of educational funding. In addition, we interviewed and surveyed applicable personnel and reviewed certain relevant records, statistics, and state and national reports.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Appendix is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in the audit of educational funding.

The accompanying Management Advisory Report presents our findings arising from our audit of educational funding.



Claire McCaskill
State Auditor

December 12, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

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EXECUTIVE SUMMARY

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
EDUCATIONAL FUNDING
EXECUTIVE SUMMARY

Our audit of certain aspects of educational funding looked at how the Department of Elementary and Secondary Education is monitoring the equity of distributions to Missouri public school districts, whether data used for these distributions are accurate, and whether the state is in compliance with various statutory and constitutional requirements.

This audit found that expenditures per pupil data among school districts is less equitable now than before the formula was rewritten in 1993. Further, recent proposals to remove gambling proceeds from the formula calculations would result in a less equitable distribution to public schools. The audit also notes that the hold harmless provision contributes to the inequities, as defined by current expenditures per pupil, among school districts. The audit recommends the DESE periodically calculate and provide relevant information regarding the equity of educational funding to the legislature.

The audit also noted some concerns with the completeness and accuracy of information used to distribute monies through the state's foundation formula. In addition, the state is not in compliance with some funding requirements mandated by state law, and has not made calculations to determine if it is in compliance with a constitutional provision regarding funding for public schools.

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
EDUCATIONAL FUNDING
MANAGEMENT ADVISORY REPORT-
STATE AUDITOR'S FINDINGS

BACKGROUND

For school year 2002, there were 524 public school districts in Missouri with a fall enrollment of approximately 890,195 students. The amount of aid distributed to Missouri's public school districts by the state is calculated by what is commonly referred to as the foundation formula, which is established by Section 163.031, RSMo 2000. In school year 2002, the foundation formula distributed to the public school districts approximately \$1.6 billion for basic entitlement and an additional \$328 million for the at-risk entitlement. These distributions account for about 24 percent of the total revenues districts received. In addition, various categorical add-ons to the formula provided approximately \$509 million of additional funds to public school districts.

In the consolidated court cases Committee For Educational Equality, et al., v. State of Missouri, et al. (1993), Case No. CV190-1371CC, and Lee's Summit School District R-VII, et al., v. State of Missouri, et al. (1993) Case No. CV190-510CC, the plaintiffs presented state constitutional challenges to various features of the school finance system in Missouri, including the foundation formula. In January 1993, the Circuit Court of Cole County ruled, "The present Missouri school system does not provide an 'equal opportunity' for each Missouri child as guaranteed by the Missouri Constitution." The ruling also stated the following:

"...the present system of financing public education in Missouri fails to provide children of substantially equal age, aptitude, motivation and ability with substantially equal educational resources and opportunities, including but not limited to teaching staff, curriculum, educational services, equipment and facilities. The amount of revenue provided by the state pursuant to the foundation formula does not equalize, as to need, the amount of money available to a school district for school purposes."

The court's decision prompted the General Assembly to adopt in 1993 the Outstanding Schools Act (OSA) (commonly referred to as Senate Bill 380), which introduced changes in the foundation formula used by the Department of Elementary and Secondary Education (DESE) to distribute aid to the public school districts. Significant changes to the foundation formula included the use of the guaranteed tax base in the calculation of a district's entitlement. Prior to the OSA, the guaranteed tax base was only a factor if the foundation formula was fully funded by state appropriations. Currently, the guaranteed tax base ensures that a specific assessed valuation per eligible pupil is attained by each district. In the calculation for school year 2002, the guaranteed tax base was \$1,348.55 per pupil (based on an assessed valuation of \$134,855 divided by \$100). Another significant change to the foundation formula was setting a minimum operating tax rate of \$2.75 on every \$100 of assessed valuation.

The changes to the foundation formula went into effect in school year 1993-1994 and implementation was phased-in over a four-year period.

Since the passage of the OSA until school year 2002, the basic formula and the at risk entitlement amounts have been fully funded. For school year 2002, these amounts were under-funded by \$18.9 million. As of March 2003, department officials estimate that the basic formula and the at risk entitlement will be under-funded by \$96.2 million in school year 2003. In addition, since at least school year 1999, several of the categorical add-ons have been under-funded as noted in the following table.

Categorical Add-Ons Under (Over) Funded

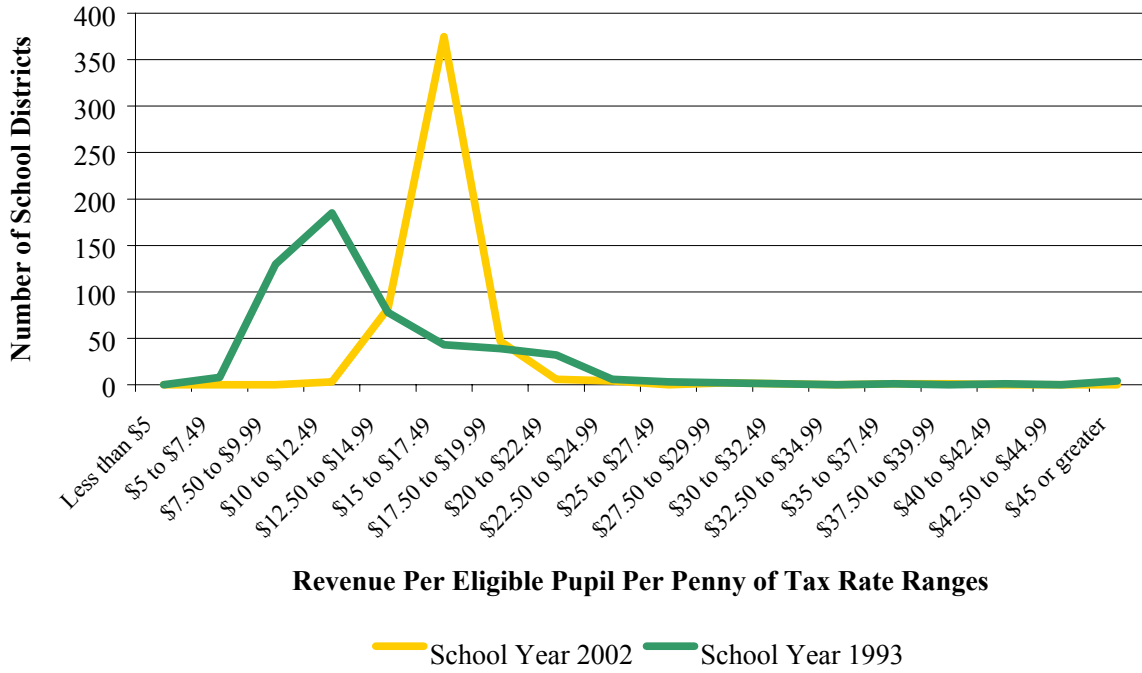
Categorical Add-on	School Year 2002	School Year 2001	School Year 2000	School Year 1999
Transportation	\$14,178,989	\$0	\$10,490,377	\$12,724,857
Special Education	62,746,018	79,812,018	69,150,000	60,794,557
Remedial Reading	1,640,654	1,471,177	722,426	661,766
Early Childhood Special Education	1,342,568	500,000	0	(15,357)
Gifted	0	0	0	3,138,761
Total Under Funded	\$81,171,893	\$84,050,761	\$83,379,120	\$77,157,053

The current formula is based on an equal access to revenue methodology

The court case ruled that the foundation formula used prior to the OSA discriminated against the students in Missouri's school districts having low assessed valuations because it relied arbitrarily on property wealth to dictate the amount of revenue that a district would receive and the quality of education it could provide the students within the district. The current foundation formula is based on an equal access to revenue methodology. The goal of this methodology is that if each school district had the same local property tax rate, all districts would receive essentially the same total amount of combined state and local revenues per pupil.

In 1999, personnel from the DESE conducted a study to determine the effects of the updated foundation formula by comparing various financial data from school year 1993, the year before the new formula was adopted, to the same financial data from school year 1998, the year after the new formula was fully implemented. One of its major findings was that, based on revenue per pupil per penny of tax rate, substantial progress was made in assuring that students in all school districts have equitable access to a level of funding needed to support quality education. Another conclusion the study drew was that moderate gains were produced in revenue equality among the districts. The DESE reached these conclusions by analyzing revenues distributed through the foundation formula per penny of tax rate. The graph below shows revenues considered by the foundation formula on a per eligible pupil per penny of tax rate basis.

**Foundation Formula Revenues Per Eligible Pupil Per Penny of Tax Rate
Comparison of School Year 1993 to 2002**



The school year 2002 revenue per pupil per penny of tax rate data groups more districts into fewer revenue ranges. As a result, the above graph appears to support the DESE's conclusion regarding a more equitable access to education.

Expenditures per pupil data indicate disparities among districts still exist

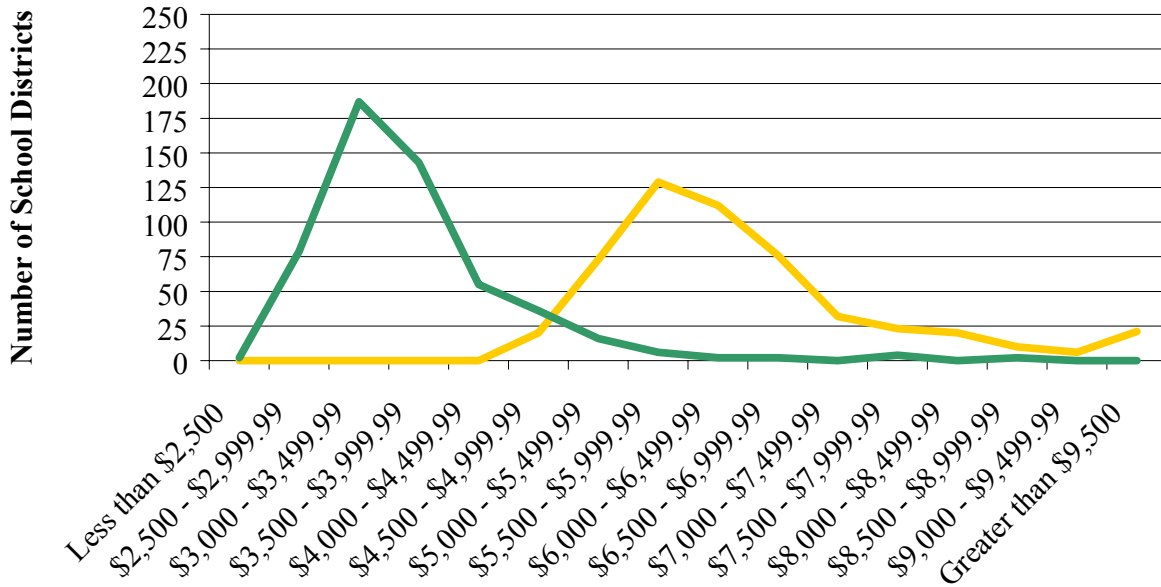
The DESE defines current expenditures as all expenditures for instruction and support services excluding capital outlay expenditures and less the revenue from food service, student activities, and payments from other districts. As such, current expenditures are funded by all major sources of public school revenue. The table below compares school year 1993 (prior to the OSA) to school year 2002 current expenditures per eligible pupil for Missouri public school districts.

Current Expenditures Per Eligible Pupil	School Year 1993 Number of School Districts	School Year 2002 Number of School Districts
Less than \$2,500	2	0
\$2,500-\$3,000	79	0
\$3,000-\$3,500	187	0
\$3,500-\$4,000	143	0
\$4,000-\$4,500	55	0
\$4,500-\$5,000	36	20
\$5,000-\$5,500	16	73
\$5,500-\$6,000	6	129
\$6,000-\$6,500	2	112
\$6,500-\$7,000	2	76
\$7,000-\$7,500	0	32
\$7,500-\$8,000	4	23
\$8,000-\$8,500	0	20
\$8,500-\$9,000	2	10
\$9,000-\$9,500	0	6
Greater than \$9,500	0	21

It appears, from the table above, that the amounts expended by the school districts per eligible pupil have increased; however, a significant range between the school districts with the lowest and highest expenditures per pupil still exists.

The following graph further shows the stratification of the districts in terms of current expenditures per eligible pupil.

**Current Expenditures Per Eligible Pupil
Comparison of School Year 1993 to 2002**



Current Expenditures Per Eligible Pupil Ranges

— School Year 2002 — School Year 1993

It should be noted that the distribution of some state and federal revenue sources are designed to address specific needs of individual school districts. For example, some federal revenues are distributed based on the percentage of low income level students within a school district. However, a good balance of equity would show a majority of the districts congregated together in a small range of current expenditures per pupil with only a few outliers. Instead, the stratification has widened slightly when comparing past and present expenditures per pupil for the districts. In school year 1993, the highest district's current expenditure per pupil was \$8,749 and the lowest was \$2,218, a difference of \$6,531. The range for school year 2002 grew to \$9,188 as the current expenditure per pupil range went from a high of \$13,748 down to a low of \$4,560.

The foundation formula contains a hold harmless provision

The foundation formula contains a hold harmless provision, which states that no district shall receive less state aid per pupil under the new formula than it received in school year 1993. As a result of 1998 legislation, some hold harmless districts receive funding in excess of school year 1993 levels due to increases in the number of at risk students within the district. Hold harmless districts receive more monies than what is calculated by the basic entitlement. This occurs when the combined total of local, state, and federal revenues is greater than the amount calculated as the basic entitlement for the district.

According to DESE calculations, this provision allowed fifty-four districts to receive a revenue advantage of approximately \$244 million in school year 2002. The revenue advantage these districts receive allow the districts to have increased educational expenditures. For example, the average teacher salary for school year 2002 was about 20 percent higher, and the current expenditures spent were \$886 (14 percent) higher per pupil in the hold harmless districts than the other districts in the state. However, for school year 2002, the average operating levy for the hold harmless districts was \$3.16 while the average for the other districts was \$3.25. Therefore, the hold harmless districts have the ability to spend more per pupil with less of a local tax burden. It should also be noted that hold harmless districts would not be affected should funding cuts be made to basic entitlement distributions. This holds true because the hold harmless provision requires these districts to receive no less state aid per pupil than received in school year 1993. While the number of hold harmless districts will vary from year to year due to the various funding factors in the foundation formula, hold harmless districts have increased from 10 districts in school year 1993 to fifty-four districts in school year 2002 (see Appendix). The 1999 DESE study indicated the foundation formula would have “significantly greater equalizing power without the hold harmless provision.”

Some local revenues are not considered by the formula

In addition to basic entitlement monies, the districts receive other state monies including Proposition C sales tax receipts, fair share funds, and free textbook fund monies. In school year 2002, these distributions totaled approximately \$750 million. These funds are distributed on a per pupil basis, as required by various state statutes.

When the district's basic entitlement is calculated, these revenues (as well as federal funds and local property taxes) are deducted from the entitlement to determine the funding the district needs from the state to operate. However, school districts currently receive two local operating revenues which are not deducted from the districts' entitlement calculation. These two local operating revenues are the merchants and manufacturers surtax and the fines for environmental violations paid by operators of concentrated livestock feeding businesses. According to DESE's school year 2002 Report of the Public Schools of Missouri publication, school districts received approximately \$103 million in merchants and manufacturers surtax and fines related to concentrated animal feedlot operations consisted of approximately \$30,000.

Current legislative proposals would remove gambling proceeds from the formula

Current proposals to remove gambling proceeds from the formula calculations would result in less equitable distributions to public schools. This is true because the gambling proceeds would no longer be available to offset disparities in local revenues which exist among school districts.

- A. During the 1992-1993 court hearing, experts in school funding testified that there were six generally accepted measures for determining school finance equity. Those measures include the range, the restricted range, the federal range ratio, the coefficient of variation, the Gini index, and the McLoone index. In 1999, when the DESE conducted their study on the equity of the OSA formula, they calculated the coefficient of variation and the federal range ratio for school years 1993 and 1998. However, only these two measures were calculated and the calculations were based only on revenues that are considered by the foundation formula. Therefore, none of the six generally accepted measurements of determining equity have ever been calculated in a comprehensive manner by the DESE based on current expenditures per pupil, or total revenues per pupil.

In 2002, *Education Week* issued its "Quality Counts" report. This report was based on school year 1998 funding, and graded each state on the equality of expenditures among school districts. These grades are partially based on two of the measures mentioned above, the McLoone index and the coefficient of variation. Missouri received a grade of D+, one of 17 states to receive a grade less than a C. In *Education Week's* January 2003 report, Missouri's equity score dropped to a D- with only 2 other states receiving a lower score.

Since these ratios are viewed nationally as being accepted measurements for determining equity in school finance, it would appear the DESE should perform these calculations annually to determine the status of equity in educational funding in Missouri. The DESE should then report its results to the legislature.

- B. Section 163.021(4), RSMo 2000, was enacted as part of the OSA, and requires the DESE to evaluate the correlation between district tax rates and district assessed valuation per pupil following each biennial property tax reassessment. This statute also requires the department to report its findings to the governor and the general assembly by December first of the year following each reassessment. The findings are to include a calculation of the minimum required property tax rate necessary to maintain a correlation of zero or less between district property tax rate and district assessed valuation per pupil, and a report of assessed valuation per pupil and district property tax rate for all districts.

The DESE publishes the Report of the Public Schools of Missouri annually. This report includes the assessed valuation and operating tax levy of each school district; however, the assessed valuation per pupil is not reported. In addition, the department has not performed the calculation of property tax rates to ensure a correlation of zero or less between property tax rates and assessed valuation per pupil.

The 1993 court case found that the Missouri school system did not provide equal opportunity for Missouri children due to disparities in funding and resources in various school districts. The court also concluded that these disparities were associated with property wealth or were simply irrational. The evaluation required by the state law noted above is necessary to determine whether state educational funding is currently being distributed equitably. Equity would be achieved when there is no correlation between district tax rates and local wealth (as measured by assessed valuation per pupil).

WE RECOMMEND the DESE annually calculate the ratios to help assess the equity of school funding, perform the biennial review as required by state law, and report these results to the legislature.

AUDITEE'S RESPONSE

We will take the recommendation under advisement.

2. Incomplete Income Tax Information

The foundation formula, which determines each district's state aid entitlement, uses the district income factor as one component in its calculations. This component of the formula is based on information provided by the Department of Revenue (DOR). The DOR summarizes adjusted gross income from Missouri income tax returns that indicate the school district information on individual returns. The 2000 tax return information was used for the school year 2003 foundation formula calculations. However, after DOR performed an edit check to apply or correct school district codes on state returns, 283,197 returns were missing a school district code and 173,416 returns had an erroneous code. These returns account for about 19 percent of the returns filed for the year and approximately \$25 billion, or 23 percent, of the Missouri adjusted gross income.

Since approximately one-fourth of the state's adjusted gross income is not considered in the formula calculations, educational funding may not have been distributed as equitably as intended by the formula.

WE RECOMMEND the DESE work with the DOR to ensure Missouri income tax returns include school district information. If it is determined there are no further cost effective measures to determine the needed information, the DESE should determine whether alternatives to this component of the formula exist.

AUDITEE'S RESPONSE

We have worked with the DOR to accurately assign tax returns to the correct school district, and will continue to help in any way needed.

3.**Tax Rate Levies in Excess of State Law**

The State Auditor's Office is required to review the property tax rates of all taxing authorities in the state, including school districts, to determine whether taxes have been levied in accordance with state law. Annually, the State Auditor's Office releases the review of property tax rates. We reviewed tax rate reports for years 2001, 2000, 1999, and 1998 to determine those school districts that levied operating tax rates exceeding the legally permissible rate and whether the excessive tax rates impacted the amount of state aid these districts received.

Over these four years, we determined that twelve districts had levied operating tax rates which exceeded legal limits. As a result, these districts collected additional local revenues from property taxes as a result of their improper levies. Since the school district's operating levy is a significant component of the foundation formula, some of these districts also stood to benefit financially from increased state aid. However, three districts were hold-harmless districts; therefore, the improper levy had no financial impact on their foundation formula entitlement. Furthermore, one district was a special school district which uses the average payment per eligible pupil in the St. Louis area rather than the tax levy to calculate their entitlement, one district came into compliance with state law after referral to the Attorney General's office, and one district subsequently enacted a voluntary rollback which corrected the situation. Nevertheless, the remaining six districts collected approximately \$1,142,000 from state foundation formula distributions due to the districts levying an operating tax greater than that allowed by state law. These amounts have not been repaid.

The chart below indicates the districts which levied improper tax rates and the financial impact on their state revenues from the foundation formula that have not been repaid.

School District	Year Levy was Certified ¹	Legally Permissible Rate	Actual Rate Levied	Foundation Formula Distributions		
				Entitled Amount	Actual Amount Received	Amount Overpaid
Green Forrest R-II	2001	2.5075	2.51	\$879,522	\$880,397	\$875
Financial Impact in 2002						\$875
Boone R-IV	1999	3.36	3.63	\$3,135,415	\$3,430,246	\$294,831
Sparta R-III	1999	3.00	3.06	1,906,244	1,952,937	46,693
Tina-Avalon R-II	1999	3.20	3.55	589,939	677,971	88,032
Hayti R-II	1999	3.40	3.63	4,225,310	4,537,519	312,209
Pleasant Hope	1999	2.43	2.51	2,239,333	2,322,290	82,957
Financial Impact in 2000						\$824,722
Boone R-IV	1998	3.35	3.63	2,356,343	2,620,586	\$264,243
Sparta R-III	1998	2.98	3.06	1,741,321	1,793,632	52,311
Financial Impact in 1999						\$316,554

¹ Levies are certified during the calendar year and used in the following fiscal years foundation formula calculation. For example, the 1999 tax certified rate was used in fiscal year 2000's entitlement calculation.

WE RECOMMEND the DESE use legal operating levies when determining district distributions from the foundation formula and collect the overpayments from districts attributable to the use of illegal levies.

AUDITEE'S RESPONSE

We do not concur with the recommendation. Prior to passage of Senate Bill (SB) 894 in 2000, the tax rates established by the State Auditor's Office (SAO) were advisory in nature. After passage, the tax rates were considered mandatory. Therefore, the tax rate differences from years 1999 and 1998 noted in the body of this finding were advisory and not considered illegal. The tax rate difference noted for Green Forrest R-II in 2001 was due to rounding three-fourths of a cent to a whole cent. Some counties do not have the ability to assess the levy out to four digits at the rate the State Auditor established.

AUDITOR'S COMMENT

While it is true the SAO lacks the authority to enforce the certified tax rates, these rates were calculated in accordance with legal provisions in effect at that time. Therefore, the DESE should have used the certified rates for foundation formula calculations. In addition, taxing authorities that lack the capability to extend tax rates to four digits are instructed to round down to avoid taxing above the legally permissible rate.

4.**Noncompliance in Funding**

As discussed below, the state is not in compliance with funding requirements mandated by state law related to video instructional and remedial reading programs, and has not made necessary calculations to determine whether it has complied with a constitutional provision.

- A. The Video Instructional Development and Educational Opportunity Program (VIDEO) Fund was established in 1988, by Section 170.250, RSMo. This program's purpose was to encourage all educational institutions in Missouri to supplement educational opportunities through telecommunications technology and satellite broadcast instruction. From school year 1990 to 1994, funding of the VIDEO Fund was based on estimates of what the state expected to collect on revenues generated from state sales and use tax on the rental of films, records, or any type of sound or picture transcriptions. For school year 1994, Senate Bill 450 changed the funding from an estimated appropriation to the actual sales tax revenues collected. However, due to lack of detailed reporting of sales tax information from businesses, the itemization of actual sales tax revenues collected on the rental of films, records, and sound or picture transcripts was difficult to determine.

Effective August 28, 2000, the legislature again revised the statute to require \$4 million to be transferred from the state's General Revenue Fund annually. However, only \$1,091,081 and \$1,089,519 were appropriated for school years 2001 and 2002, respectively. As a result, the VIDEO program was not funded in accordance with state law, and approximately \$5.8 million in funding was not available to be distributed to school districts, community college districts, and state institutions of higher education during the two fiscal years. Furthermore, due to budget restraints on the state, the funding was eliminated for the VIDEO Fund for school year 2003.

- B. Since school year 1991, Section 162.975, RSMo, requires the amount of state aid paid for remedial reading services per full-time remedial reading teacher shall be adjusted annually by the percentage change in the appropriation of state funds for the foundation formula. These monies are used by school districts to fund costs related to offering aid to students who need assistance in their reading skills. However, the amount of state aid paid for remedial reading services has not been adjusted as required by state law. DESE's budget division determined the department was entitled to receive approximately \$11,819,000, \$12,568,000, and \$12,738,000 for school years 2000, 2001, and 2002, respectively. For school years 2000 and 2001, the department requested the full amount entitled under the statute. However, for school year 2002, since DESE had not seen increases in prior years, the department only requested the core budget of \$11,096,925 and decided to direct their efforts towards a different program. The legislature only appropriated \$11,096,925 each school year. Therefore, DESE did not receive at

least \$3.8 million in funding over the three school year period for remedial reading programs. In addition, further funding shortfalls occurred in previous years.

- C. Article IX, section 3(b), of the Missouri Constitution provides that no less than twenty-five percent of state revenue, exclusive of interest and sinking fund expenses, be used annually to support public schools. The above section does not designate who in state government is responsible for ensuring compliance. However, neither the DESE nor the Office of Administration, Division of Budget and Planning have recently made annual calculations to determine whether the state is in compliance with the constitutional provision.

According to OA personnel, calculations were made in previous fiscal years and it was determined the state was well within compliance with constitutional requirements. To ensure compliance with Article IX, section 3(b) of the Missouri Constitution, the DESE should work the Office of Administration, Division of Budget and Planning to perform the necessary calculations.

WE RECOMMEND the DESE :

- A&B. Continue to request the funding levels for video and remedial reading programs as required by state law.
- C. Work with the Office of Administration, Division of Budget and Planning, to perform annual calculations to determine compliance with Article IX, section 3(b) of the Missouri Constitution.

AUDITEE'S RESPONSE

We will take these recommendations under advisement.

APPENDIX

APPENDIX A

PUBLIC SCHOOL DISTRICTS' CURRENT EXPENDITURES PER PUPIL
SCHOOL YEAR 2001-2002

Rank	District Code	District Name	Current Expenditures Per Pupil	Rank	District Code	District Name	Current Expenditures Per Pupil
1	096102	CLAYTON **	\$13,748	61	023099	LURAY 33	\$7,891
2	31118	NORTH DAVIESS R-III	11,154	62	001090	ADAIR CO. R-I	7,870
3	096101	BRENTWOOD **	11,062	63	069107	HOLLIDAY C-2	7,829
4	096106	LADUE **	11,011	64	038045	STANBERRY R-II	7,804
5	013054	BRECKENRIDGE R-I	10,568	65	096095	PARKWAY C-2 **	7,790
6	015003	CLIMAX SPRINGS R-IV **	10,536	66	032054	OSBORN R-O	7,766
7	096115	WELLSTON	10,470	67	017121	HALE R-I	7,753
8	105125	NEWTOWN-HARRIS R-III	10,430	68	092091	ST. CHARLES CO. R-V **	7,751
9	023096	REVERE C-3	10,289	69	048072	HICKMAN MILLS C-1	7,746
10	096107	MAPLEWOOD-RCHMND HGHTS **	10,260	70	083001	NORTH PLATTE CO. R-I	7,742
11	115115	ST. LOUIS CITY	10,130	71	092090	ST. CHARLES R-VI **	7,724
12	013058	COWGILL R-VI	10,116	72	074197	NORTH NODAWAY CO. R-VI	7,682
13	059114	LIVINGSTON CO. R-III	9,959	73	096113	VALLEY PARK **	7,676
14	089077	STET R-XV	9,895	74	076081	OSAGE CO. R-I	7,657
15	040103	PLEASANT VIEW R-VI	9,772	75	048077	INDEPENDENCE 30	7,598
16	041005	RIDGEWAY R-V	9,710	76	077104	LUTIE R-VI	7,595
17	041004	GILMAN CITY R-IV	9,652	77	090075	CENTERVILLE R-I **	7,589
18	048080	CENTER 58 **	9,606	78	019151	MIDWAY R-I	7,578
19	024091	MISSOURI CITY 56	9,604	79	010093	COLUMBIA 93	7,508
20	023094	WYACONDA C-1	9,596	80	097127	GILLIAM C-4	7,502
21	041001	CAINSVILLE R-I	9,543	81	038044	KING CITY R-I	7,472
22	040104	LAREDO R-VII	9,445	82	088073	RENICK R-V	7,464
23	069104	MIDDLE GROVE C-1	9,417	83	096093	LINDBERGH R-VIII **	7,442
24	065098	PRINCETON R-V	9,229	84	051156	LEETON R-X	7,428
25	096090	PATTONVILLE R-III **	9,214	85	052096	KNOX CO. R-I	7,357
26	021148	NORTHWESTERN R-I	9,210	86	108147	NE VERNON CO. R-I **	7,339
27	074195	JEFFERSON C-123	9,078	87	088081	WESTRAN R-I **	7,335
28	097119	MALTA BEND R-V	8,960	88	027056	COOPER CO. R-IV	7,324
29	013060	MIRABILE C-1	8,883	89	031117	WINSTON R-VI	7,313
30	090078	LESTERVILLE R-IV	8,875	90	041003	NORTH HARRISON R-III	7,297
31	042121	MONTROSE R-XIV	8,704	91	068074	MONITEAU CO. C-1	7,294
32	031122	TRI-COUNTY R-VII	8,702	92	082105	BONCL R-X **	7,252
33	013062	KINGSTON 42	8,661	93	082101	PIKE CO. R-III	7,242
34	090077	BUNKER R-III **	8,610	94	011079	BUCHANAN CO. R-IV	7,219
35	048078	KANSAS CITY 33	8,543	95	017126	NORBORNE R-VIII	7,202
36	044078	CRAIG R-III	8,514	96	017124	BOSWORTH R-V	7,170
37	065096	NORTH MERCER CO. R-III	8,502	97	096088	HAZELWOOD	7,166
38	040100	GRUNDY CO R-V	8,454	98	072074	NEW MADRID CO. R-I **	7,156
39	003033	FAIRFAX R-III	8,448	99	105123	GREEN CITY R-I	7,155
40	013057	NEW YORK R-IV	8,437	100	002089	NORTH ANDREW CO. R-VI	7,141
41	058107	BUCKLIN R-II	8,316	101	013059	POLO R-VII	7,128
42	074194	NORTHEAST NODAWAY CO. R-V	8,276	102	050014	DESOTO 73	7,128
43	096089	FERGUSON-FLORISSANT R-II	8,216	103	017122	TINA-AVALON R-II	7,120
44	032056	UNION STAR R-II	8,209	104	058106	LINN CO. R-I	7,109
45	049137	JASPER CO. R-V	8,171	105	022094	SPOKANE R-VII	7,097
46	096104	JENNINGS	8,170	106	005127	SHELL KNOB 78 **	7,078
47	074202	SOUTH NODAWAY CO. R-IV	8,088	107	061150	ATLANTA C-3	7,058
48	014130	SOUTH CALLAWAY CO. R-II **	8,086	108	025002	LATHROP R-II	7,058
49	096112	UNIVERSITY CITY **	8,049	109	104045	BLUE EYE R-V	7,056
50	096092	KIRKWOOD R-VII **	8,039	110	074201	MARYVILLE R-II **	7,048
51	007121	MIAMI R-I	8,035	111	083002	WEST PLATTE CO. R-II	7,025
52	042119	DAVIS R-XII **	8,025	112	048071	LEE'S SUMMIT R-VII	7,011
53	031116	PATTONSBURG R-II	8,015	113	047064	BELLEVIEW R-III	6,999
54	074187	NODAWAY-HOLT R-VII	8,011	114	114112	NORWOOD R-I	6,990
55	096114	WEBSTER GROVES **	8,010	115	003032	ROCK PORT R-II	6,987
56	099078	GORIN R-III	8,009	116	096109	NORMANDY	6,985
57	061157	CALLAO C-8	8,008	117	007122	BALLARD R-II	6,970
58	051153	CHILHOWEE R-IV	7,946	118	007125	HUME R-VIII	6,965
59	097122	HARDEMAN R-X	7,938	119	042118	LEESVILLE R-IX	6,965
60	048074	GRANDVIEW C-4	7,919	120	097130	SLATER	6,965

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121	083005	PARK HILL	\$6,955	183	009077	MEADOW HEIGHTS R-II	\$6,532
122	041002	SOUTH HARRISON CO. R-II	6,929	184	107158	RAYMONDVILLE R-VII	6,532
123	059117	CHILLICOTHE R-II	6,912	185	108143	BRONAUGH R-VII	6,532
124	084001	BOLIVAR R-I	6,912	186	045078	HOWARD CO. R-II	6,531
125	061158	MACON CO. R-IV	6,908	187	099082	SCOTLAND CO. R-I	6,504
126	089088	HARDIN-CENTRAL C-2	6,903	188	031121	GALLATIN R-V	6,504
127	029004	GREENFIELD R-IV	6,899	189	078004	COOTER R-IV **	6,497
128	080121	GREEN RIDGE R-VIII	6,894	190	029002	DADEVILLE R-II	6,497
129	003031	TARKIO R-I	6,893	191	050001	NORTHWEST R-I	6,487
130	080122	PETTIS CO. R-XII **	6,890	192	042117	CALHOUN R-VIII	6,480
131	098080	SCHUYLER CO. R-I	6,887	193	048068	BLUE SPRINGS R-IV	6,477
132	028103	STEELEVILLE R-III	6,875	194	075084	COUCH R-I	6,474
133	048066	FORT OSAGE R-I	6,868	195	006103	GOLDEN CITY R-III	6,473
134	093120	APPLETON CITY R-II	6,864	196	033094	NORTH WOOD R-IV	6,472
135	062070	MARQUAND-ZION R-VI	6,857	197	054037	CONCORDIA R-II	6,458
136	011076	EAST BUCHANAN CO. C-1	6,848	198	078002	HAYTI R-II	6,458
137	022088	CHADWICK R-I	6,843	199	025003	CLINTON CO. R-III	6,438
138	077100	THORNFIELD R-I	6,840	200	045076	NEW FRANKLIN R-I	6,435
139	007126	HUDSON R-IX	6,830	201	097118	OREARVILLE R-IV	6,427
140	058108	MEADVILLE R-IV	6,826	202	069106	MONROE CITY R-I	6,422
141	077103	DORA R-III	6,824	203	025001	CAMERON R-I	6,422
142	058112	BROOKFIELD R-III	6,824	204	036139	WASHINGTON **	6,414
143	054045	LEXINGTON R-V	6,822	205	084003	HALFWAY R-III	6,414
144	024093	NORTH KANSAS CITY 74 **	6,822	206	083003	PLATTE CO. R-III **	6,413
145	040101	SPICKARD R-II	6,817	207	038046	ALBANY R-III	6,404
146	013055	HAMILTON R-II	6,814	208	088075	HIGBEE R-VIII	6,392
147	092089	WENTZVILLE R-IV	6,809	209	070092	WELLSVILLE MIDDLETOWN R-I	6,377
148	051155	KNOB NOSTER R-VIII	6,802	210	050005	DUNKLIN R-V	6,368
149	074190	WEST NODAWAY CO. R-I	6,801	211	029001	LOCKWOOD R-I	6,358
150	021150	KEYTESVILLE R-III	6,792	212	088081	MOBERLY	6,351
151	097129	MARSHALL	6,782	213	097116	MIAMI R-I	6,348
152	021149	BRUNSWICK R-II	6,780	214	058109	MARCELINE R-V	6,347
153	085046	WAYNESVILLE R-VI	6,778	215	108144	SHELDON R-VIII	6,345
154	114116	MANES R-V	6,776	216	043002	WHEATLAND R-II	6,341
155	027058	OTTERVILLE R-VI	6,752	217	019147	EAST LYNNE 40	6,338
156	021151	SALISBURY R-IV	6,741	218	093124	OSCEOLA	6,326
157	047060	SOUTH IRON CO. R-I **	6,735	219	078001	NORTH PEMISCOT CO. R-I	6,318
158	096091	ROCKWOOD R-VI **	6,733	220	017125	CARROLLTON R-VII	6,316
159	044083	MOUND CITY R-II	6,730	221	048073	RAYTOWN C-2	6,315
160	086100	PUTNAM CO. R-I	6,723	222	091095	RIPLEY CO. R-III	6,314
161	076082	OSAGE CO. R-II	6,721	223	111086	GREENVILLE R-II	6,313
162	104041	HURLEY R-I	6,717	224	046128	HOWELL VALLEY R-I	6,309
163	077101	BAKERSFIELD R-IV	6,710	225	106004	BRANSON R-IV **	6,304
164	096098	AFFTON 101 **	6,709	226	016096	CAPE GIRARDEAU 63 **	6,304
165	018050	VAN BUREN R-I	6,706	227	054043	WELLINGTON-NAPOLEON R-IX	6,288
166	024090	LIBERTY 53	6,694	228	070093	MONTGOMERY CO. R-II	6,283
167	096111	RIVERVIEW GARDENS	6,684	229	015002	CAMDENTON R-III **	6,275
168	093123	LAKELAND R-III	6,679	230	110031	VALLEY R-VI	6,268
169	096110	RITENOUR	6,673	231	054042	SANTA FE R-X	6,262
170	027057	PRAIRIE HOME R-V	6,636	232	019140	STRASBURG C-3	6,255
171	066104	ST. ELIZABETH R-V	6,628	233	113001	WORTH CO. R-III	6,250
172	102085	SHELBY CO. R-IV	6,628	234	106008	MARK TWAIN R-VIII	6,246
173	112099	NIANGUA R-V	6,616	235	096094	MEHLVILLE R-IX **	6,242
174	027059	PILOT GROVE C-4	6,606	236	107153	SUMMERSVILLE R-II	6,242
175	019150	DREXEL R-IV	6,605	237	047062	ARCADIA VALLEY R-II	6,240
176	106001	BRADLEYVILLE R-I	6,594	238	018047	EAST CARTER CO. R-II	6,237
177	048075	LONE JACK C-6	6,582	239	075087	ALTON R-IV	6,235
178	102081	SHELBY CO. C-1	6,575	240	035092	MALDEN R-I	6,224
179	059113	SOUTHWEST LIVINGSTON CO. R-I	6,574	241	004109	VAN-FAR R-I	6,218
180	027061	BOONVILLE R-I	6,552	242	046135	GLENWOOD R-VIII	6,214
181	046134	WEST PLAINS R-VII	6,546	243	106002	TANEYVILLE R-II	6,213
182	066105	SCHOOL OF THE OSAGE R-II **	6,539	244	107152	HOUSTON R-I	6,201

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245	005120	WHEATON R-III	\$6,196	307	011082	ST. JOSEPH	\$5,977
246	067061	CHARLESTON R-I	6,189	308	002090	AVENUE CITY R-IX	5,976
247	019149	HARRISONVILLE R-IX	6,183	309	039141	SPRINGFIELD R-XII	5,970
248	095059	STE. GENEVIEVE CO. R-II **	6,180	310	046131	WILLOW SPRINGS R-IV	5,965
249	034121	SKYLINE R-II	6,176	311	012110	TWIN RIVERS R-X	5,946
250	042111	HENRY CO. R-I	6,165	312	114113	HARTVILLE R-II	5,943
251	094078	FARMINGTON R-VII	6,165	313	033091	OAK HILL R-I	5,942
252	054039	LAFAYETTE CO. C-1	6,161	314	005128	MONETT R-I	5,934
253	107155	CABOOL R-IV	6,153	315	030093	DALLAS CO. R-I	5,933
254	039136	WALNUT GROVE R-V	6,150	316	100065	ORAN R-III	5,925
255	051152	HOLDEN R-III	6,148	317	036135	STRAIN-JAPAN R-XVI	5,924
256	063067	MARIES CO. R-II	6,144	318	101107	EMINENCE R-I	5,916
257	004106	COMMUNITY R-VI	6,144	319	009079	ZALMA R-V	5,915
258	068075	CLARKSBURG C-2	6,140	320	093121	ROSCOE C-1 **	5,914
259	064072	MARION CO. R-II	6,139	321	066103	MILLER CO. R-III	5,911
260	035099	SOUTHLAND C-9	6,131	322	051150	KINGSVILLE R-I	5,909
261	094086	CENTRAL R-III	6,124	323	046132	RICHARDS R-V	5,908
262	081095	NEWBURG R-II	6,124	324	055108	MT. VERNON R-V	5,907
263	068072	MONITEAU CO. R-V **	6,113	325	103128	BELL CITY R-II **	5,904
264	036138	NEW HAVEN	6,112	326	053112	GASCONADE C-4	5,894
265	073105	WESTVIEW C-6	6,112	327	012108	NEELYVILLE R-IV	5,892
266	104042	GALENA R-II	6,107	328	066102	ELDON R-I	5,883
267	047065	IRON CO. C-4 **	6,107	329	044084	SOUTH HOLT CO. R-I	5,882
268	042113	SHAWNEE R-III	6,102	330	105124	MILAN C-2	5,874
269	104043	CRANE R-III	6,098	331	088072	NORTHEAST RANDOLPH CO. R-IV	5,871
270	092087	FT. ZUMWALT R-II	6,097	332	073099	EAST NEWTON CO. R-VI	5,866
271	013061	BRAYMER C-4	6,097	333	103127	RICHLAND R-I	5,865
272	092088	FRANCIS HOWELL R-III	6,091	334	006101	LIBERAL R-II	5,862
273	077102	GAINESVILLE R-V	6,087	335	072068	PORTAGEVILLE	5,859
274	081096	ROLLA 31	6,082	336	067055	EAST PRAIRIE R-II	5,856
275	100062	SCOTT CO. CENTRAL	6,081	337	032058	STEWARTSVILLE C-2	5,854
276	035093	CAMPBELL R-II	6,073	338	016092	DELTA R-V	5,851
277	042124	CLINTON	6,072	339	056017	LEWIS CO. C-1	5,844
278	057001	SILEX R-I	6,069	340	055105	PIERCE CITY R-VI	5,843
279	019148	PLEASANT HILL R-III	6,067	341	101105	WINONA R-III	5,843
280	026006	JEFFERSON CITY **	6,055	342	007129	BUTLER R-V	5,842
281	080116	PETTIS CO. R-V	6,054	343	051159	WARRENSBURG R-VI	5,840
282	078003	PEMISCOT CO. R-III	6,054	344	019139	CASS CO. R-V	5,839
283	033092	GREEN FOREST R-II	6,050	345	001091	KIRKSVILLE R-III	5,836
284	094076	BISMARCK R-V	6,046	346	072073	GIDEON 37	5,836
285	114114	MOUNTAIN GROVE R-III	6,044	347	114115	MANSFIELD R-IV	5,829
286	081097	PHELPS CO. R-III	6,041	348	110014	KINGSTON K-14	5,811
287	112101	FORDLAND R-III	6,040	349	014129	FULTON 58	5,807
288	110030	RICHWOODS R-VII	6,036	350	035102	KENNETT 39	5,806
289	050013	CRYSTAL CITY 47 **	6,035	351	046130	MOUNTAIN VIEW-BIRCH TREE R-III	5,798
290	075086	OREGON-HOWELL R-III	6,033	352	035098	SENATH-HORNERSVILLE C-8	5,794
291	061156	MACON CO. R-I	6,029	353	055111	VERONA R-VII	5,794
292	091093	RIPLEY CO. R-IV	6,023	354	108142	NEVADA R-V	5,791
293	043004	HERMITAGE R-IV	6,022	355	062072	FREDERICKTOWN R-I	5,790
294	056015	CANTON R-V	6,017	356	081094	ST. JAMES R-I	5,788
295	032055	MAYSVILLE R-I	6,013	357	055104	MILLER R-II	5,775
296	097131	SWEET SPRINGS R-VII	6,010	358	019152	BELTON 124	5,770
297	069109	PARIS R-II	6,010	359	089089	RICHMOND R-XVI	5,769
298	011078	MID-BUCHANAN CO. R-V	6,009	360	082108	LOUISIANA R-II	5,760
299	054041	ODESSA R-VII	6,007	361	033093	DENT-PHELPS R-III	5,757
300	045077	FAYETTE R-III	6,006	362	096099	BAYLESS **	5,754
301	040107	TRENTON R-IX	5,996	363	085045	LAQUEY R-V	5,750
302	010087	SOUTHERN BOONE CO. R-I	5,993	364	090076	SOUTHERN REYNOLDS CO. R-II	5,745
303	024087	SMITHVILLE R-II	5,993	365	072066	RISCO R-II	5,741
304	036137	SULLIVAN C-2	5,984	366	050012	FOX C-6	5,738
305	029003	EVERTON R-III	5,981	367	066107	IBERIA R-V	5,736
306	061154	LA PLATA R-II	5,980	368	068073	MONITEAU CO. R-VI	5,722

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369	001092	ADAIR CO. R-II	\$5,719	431	073106	SENECA R-VII	\$5,489
370	050007	JEFFERSON CO. R-VII **	5,714	432	026002	COLE CO. R-II **	5,484
371	084006	PLEASANT HOPE R-VI	5,712	433	084004	HUMANSVILLE R-IV	5,481
372	091091	NAYLOR R-II	5,712	434	036131	UNION R-XI	5,476
373	089087	ORRICK R-XI	5,710	435	019144	SHERWOOD CASS R-VIII	5,471
374	036133	LONEDELL R-XIV	5,707	436	048069	GRAIN VALLEY R-V	5,468
375	104044	REEDS SPRING R-IV **	5,706	437	026001	COLE CO. R-I	5,465
376	064075	HANNIBAL 60	5,705	438	016094	OAK RIDGE R-VI	5,462
377	063066	MARIES CO. R-I	5,704	439	015004	MACKS CREEK R-V	5,457
378	091092	DONIPHAN R-I	5,699	440	078012	CARUTHERSVILLE 18	5,455
379	069108	MADISON C-3	5,698	441	010092	HARRISBURG R-VIII	5,416
380	068071	HIGH POINT R-III	5,697	442	014126	NORTH CALLAWAY CO. R-I	5,407
381	049135	AVILLA R-XIII	5,686	443	026005	COLE CO. R-V	5,406
382	010090	STURGEON R-V	5,680	444	085049	CROCKER R-II	5,403
383	078009	DELTA C-7	5,680	445	015001	STOUTLAND R-II	5,399
384	046137	JUNCTION HILL C-12	5,675	446	110029	POTOSI R-III	5,395
385	053111	LACLEDE CO. R-I	5,673	447	049142	CARTHAGE R-IX	5,392
386	008107	WARSAW R-IX	5,666	448	022091	BILLINGS R-IV	5,391
387	012109	POPLAR BLUFF R-I	5,659	449	037037	GASCONADE CO. R-II	5,388
388	028101	CRAWFORD CO. R-I	5,658	450	051154	JOHNSON CO. R-VII	5,386
389	094083	NORTH ST. FRANCOIS CO. R-I	5,657	451	037039	GASCONADE CO. R-I	5,385
390	079077	PERRY CO. 32 **	5,651	452	049132	CARL JUNCTION R-I	5,383
391	036126	MERAMEC VALLEY R-III	5,649	453	089080	LAWSON R-XIV	5,383
392	027055	BLACKWATER R-II	5,648	454	048070	OAK GROVE R-VI	5,373
393	106003	FORSYTH R-III	5,643	455	073102	DIAMOND R-IV	5,372
394	007123	ADRIAN R-III	5,639	456	106006	KIRBYVILLE R-VI	5,371
395	006104	LAMAR R-I	5,638	457	050003	HILLSBORO R-III	5,369
396	046140	FAIRVIEW R-XI	5,632	458	076083	OSAGE CO. R-III	5,364
397	075085	THAYER R-II	5,632	459	085048	DIXON R-I	5,361
398	002097	SAVANNAH R-III	5,626	460	043001	HICKORY CO. R-I	5,359
399	050010	WINDSOR C-1	5,624	461	039137	STRAFFORD R-VI **	5,358
400	034122	PLAINVIEW R-VIII	5,623	462	100063	SIKESTON R-VI	5,358
401	022092	CLEVER R-V	5,622	463	055110	AURORA R-VIII	5,356
402	103131	BLOOMFIELD R-XIV	5,619	464	082100	BOWLING GREEN R-I	5,340
403	010089	BOONE CO. R-IV	5,611	465	080125	SEDALIA 200	5,337
404	009078	LEOPOLD R-III	5,605	466	112102	MARSHFIELD R-I	5,316
405	107154	LICKING R-VIII	5,598	467	034124	AVA R-I	5,292
406	080118	LA MONTE R-IV	5,586	468	043003	WEAUBLEAU R-III	5,290
407	085043	SWEDEBORG R-III	5,585	469	049144	WEBB CITY R-VII	5,276
408	049148	JOPLIN R-VIII **	5,585	470	103135	BERNIE R-XIII	5,269
409	071092	MORGAN CO. R-II **	5,585	471	005122	EXETER R-VI	5,269
410	019142	RAYMORE-PECULIAR R-II	5,580	472	109002	WRIGHT CITY R-II **	5,267
411	096103	HANCOCK PLACE	5,580	473	103132	DEXTER R-XI	5,262
412	004110	MEXICO 59	5,575	474	005124	PURDY R-II	5,259
413	033090	SALEM R-80	5,575	475	106005	HOLLISTER R-V	5,254
414	064074	PALMYRA R-I	5,570	476	007124	RICH HILL R-IV	5,252
415	014127	NEW BLOOMFIELD R-III	5,568	477	112103	SEYMOUR R-II	5,251
416	080119	SMITHTON R-VI	5,568	478	008111	COLE CAMP R-I	5,244
417	024089	EXCELSIOR SPRINGS 40	5,564	479	100059	SCOTT CITY R-I	5,237
418	020001	STOCKTON R-I	5,550	480	023101	CLARK CO. R-I	5,237
419	057002	ELSBERRY R-II	5,549	481	053114	LACLEDE CO. C-5	5,236
420	107151	SUCCESS R-VI	5,547	482	022090	SPARTA R-III	5,236
421	035097	CLARKTON C-4	5,546	483	107156	PLATO R-V	5,230
422	087083	RALLS CO. R-II	5,543	484	050009	SUNRISE R-IX	5,218
423	005121	SOUTHWEST R-V	5,542	485	073108	NEOSHO R-V	5,211
424	084002	FAIR PLAY R-II	5,537	486	068070	MONITEAU CO. R-I	5,207
425	111087	CLEARWATER R-I	5,523	487	053113	LEBANON R-III	5,185
426	085044	PULASKI CO. R-IV	5,518	488	084005	MARION C. EARLY R-V	5,182
427	008106	LINCOLN R-II	5,515	489	071091	MORGAN CO. R-I	5,153
428	009080	WOODLAND R-IV	5,509	490	028102	CRAWFORD CO. R-II	5,152
429	036123	FRANKLIN CO. R-II	5,508	491	094087	WEST ST. FRANCOIS CO. R-IV	5,144
430	100061	SCOTT CO. R-IV	5,492	492	100064	KELSO C-7	5,123

PUBLIC SCHOOL DISTRICTS' CURRENT EXPENDITURES PER PUPIL
SCHOOL YEAR 2001-2002

Rank	District Code	District Name	Current Expenditures Per Pupil
493	103129	ADVANCE R-IV	\$5,120
494	061151	BEVIER C-4	5,119
495	039133	WILLARD R-II	5,105
496	005123	CASSVILLE R-IV	5,068
497	010091	CENTRALIA R-VI	5,067
498	036136	ST. CLAIR R-XIII	5,059
499	022093	OZARK R-VI	5,032
500	100060	CHAFFEE R-II	5,023
501	109003	WARREN CO. R-III	5,019
502	020002	EL DORADO SPRINGS R-II	5,009
503	057003	TROY R-III	4,988
504	050002	GRANDVIEW R-II	4,967
505	039135	ASH GROVE R-IV	4,962
506	055106	MARIONVILLE R-IX	4,940
507	024086	KEARNEY R-I	4,913
508	039139	GREENE CO. R-VIII	4,912
509	022089	NIXA R-II	4,852
510	078005	SOUTH PEMISCOT CO. R-V	4,838
511	079078	ALTENBURG 48	4,831
512	016097	NELL HOLCOMB R-IV	4,823
513	039134	REPUBLIC R-III	4,794
514	057004	WINFIELD R-IV	4,761
515	036134	SPRING BLUFF R-XV	4,759
516	103130	PUXICO R-VIII	4,749
517	016090	JACKSON R-II	4,743
518	039142	FAIR GROVE R-X	4,743
519	035094	HOLCOMB R-III	4,691
520	050006	FESTUS R-VI	4,597
521	049140	SARCOXIE R-II	4,570
522	060077	MCDONALD CO. R-I	4,561

** Hold-Harmless School District in School Year 2001-2002

APPENDIX B

HOLD HARMLESS DISTRICTS' REVENUE ADVANTAGE
SCHOOL YEAR 2001-2002

DISTRICT CODE	DISTRICT NAME	District Entitlement	Local Deduction Revenues	State Deduction Revenues	State Aid Received From Formula	Revenue Advantage	Advantage from Local Monies	Advantage from State-Aid Deductions	Advantage from Basic Formula
005-127	SHELL KNOB 78	\$ 1,220,694	\$ 961,537	\$ 158,227	\$ 254,914	\$ 153,984	\$ -	\$ -	\$ 153,984
014-130	SOUTH CALLAWAY CO. R-II	2,530,408	4,860,237	453,291	115,504	2,898,624	2,329,829	453,291	115,504
015-002	CAMDENTON R-III	11,391,876	12,301,570	1,902,697	1,654,580	4,466,971	909,694	1,902,697	1,654,580
015-003	CLIMAX SPRINGS R-IV	867,599	1,235,279	128,175	80,609	576,464	367,680	128,175	80,609
016-096	CAPE GIRARDEAU 63	17,434,440	13,946,882	1,950,717	2,051,677	514,836	-	-	514,836
024-093	NORTH KANSAS CITY	83,153,428	64,994,839	7,833,532	10,924,945	599,888	-	-	599,888
026-002	COLE CO. R-II	2,372,521	1,425,155	317,740	884,236	254,610	-	-	254,610
026-006	JEFFERSON CITY	31,685,494	24,898,640	3,969,978	4,559,696	1,742,820	-	-	1,742,820
036-139	WASHINGTON	14,086,014	13,192,716	1,727,805	1,865,712	2,700,219	-	834,507	1,865,712
039-137	STRAFFORD R-VI	4,023,736	2,168,916	518,966	1,474,173	138,319	-	-	138,319
042-119	DAVIS R-XII	401,825	353,695	42,672	16,769	11,311	-	-	11,311
047-060	SOUTH IRON CO. R-I	1,475,992	1,069,471	199,316	349,336	142,131	-	-	142,131
047-065	IRON CO. C-4	1,935,371	1,864,522	260,357	73,341	262,849	-	189,508	73,341
048-080	CENTER 58	13,649,388	15,037,021	1,268,813	701,770	3,358,216	1,387,633	1,268,813	701,770
049-148	JOPLIN R-VIII	26,649,671	17,574,884	3,582,186	7,399,901	1,907,300	-	-	1,907,300
050-007	JEFFERSON CO R-VII	3,941,678	3,098,328	456,546	407,464	20,660	-	-	20,660
050-013	CRYSTAL CITY 47	2,264,410	1,398,085	252,800	615,957	2,432	-	-	2,432
066-105	SCHOOL OF THE OSAGE R-II	4,268,745	5,701,370	769,207	273,464	2,475,296	1,432,625	769,207	273,464
068-072	MONITEAU CO. R-V	307,938	153,200	41,251	143,810	30,323	-	-	30,323
071-092	MORGAN CO R-II	5,752,530	3,765,429	762,121	1,249,105	24,125	-	-	24,125
072-074	NEW MADRID CO. R-I	4,962,713	5,232,568	918,885	1,590,004	2,778,744	269,855	918,885	1,590,004
074-201	MARYVILLE R-II	6,717,482	5,203,190	679,327	988,342	153,377	-	-	153,377
078-004	COOTER R-IV	816,466	213,738	111,008	731,722	240,002	-	-	240,002
079-077	PERRY CO. 32	8,110,330	5,424,912	1,102,299	1,940,034	356,915	-	-	356,915
080-122	PETTIS CO. R-XII	487,601	863,326	74,338	105,494	555,557	375,725	74,338	105,494
082-105	BONCL R-X	361,204	332,815	34,423	22,885	28,919	-	6,034	22,885
083-003	PLATTE CO. R-III	9,725,043	8,043,673	956,257	1,263,602	538,489	-	-	538,489
088-080	WESTRAN R-I	3,109,057	3,924,322	340,247	40,025	1,195,537	815,265	340,247	40,025
090-075	CENTERVILLE R-I	470,483	172,811	63,417	283,924	49,669	-	-	49,669
090-077	BUNKER R-III	1,080,141	948,604	147,841	217,871	234,175	-	16,304	217,871
092-090	ST. CHARLES R-VI	28,311,472	22,949,887	2,926,024	5,969,758	3,534,197	-	-	3,534,197
092-091	ST. CHARLES CO. R-V	5,462,683	4,648,658	573,854	814,912	574,741	-	-	574,741
093-121	ROSCOE C-1	333,893	128,784	44,291	191,440	30,622	-	-	30,622
095-059	STE. GENEVIEVE CO. R-II	8,083,689	6,164,539	1,032,630	1,089,219	202,699	-	-	202,699
096-090	PATTONVILLE R-III	24,766,912	38,641,194	2,801,951	1,276,798	16,676,233	13,874,282	2,801,951	1,276,798
096-091	ROCKWOOD R-VI	83,217,553	87,098,806	8,551,661	8,963,136	21,396,050	3,881,253	8,551,661	8,963,136
096-092	KIRKWOOD R-VII	17,700,192	28,336,387	1,984,041	839,398	13,459,634	10,636,195	1,984,041	839,398
096-093	LINDBERGH R-VIII	12,664,905	22,780,127	2,034,547	949,317	13,099,086	10,115,222	2,034,547	949,317
096-094	MEHLVILLE R-IX	39,111,515	37,582,695	4,740,141	6,522,052	9,733,373	-	3,211,321	6,522,052
096-095	PARKWAY C-2	65,754,303	114,690,746	8,381,207	4,463,471	61,781,121	48,936,443	8,381,207	4,463,471
096-098	AFFTON 101	9,200,642	9,864,534	1,068,269	719,635	2,451,796	663,892	1,068,269	719,635
096-099	BAYLESS	5,252,407	3,824,353	567,063	1,114,063	253,072	-	-	253,072
096-101	BRENTWOOD	2,050,090	4,836,123	330,543	143,069	3,259,645	2,786,033	330,543	143,069
096-102	CLAYTON	6,177,932	23,154,130	952,210	481,320	18,409,728	16,976,198	952,210	481,320
096-106	LADUE	9,872,404	47,469,560	1,437,253	707,271	39,741,680	37,597,156	1,437,253	707,271
096-107	MAPLEWOOD-RICHMOND HEIGHTS	5,146,154	5,702,540	493,463	352,732	1,402,581	556,386	493,463	352,732
096-112	UNIVERSITY CITY	22,980,477	16,736,879	2,052,284	4,678,723	487,409	-	-	487,409
096-113	VALLEY PARK	4,411,481	4,880,969	358,787	254,875	1,083,150	469,488	358,787	254,875
096-114	WEBSTER GROVES	17,781,237	19,662,413	1,738,897	1,572,557	5,192,630	1,881,176	1,738,897	1,572,557
103-128	BELL CITY R-II	1,150,915	479,819	149,839	580,180	58,923	-	-	58,923
104-044	REEDS SPRING R-IV	7,392,046	5,188,512	955,188	1,601,537	353,191	-	-	353,191
106-004	BRANSON R-IV	7,583,975	6,973,892	1,332,167	1,805,835	2,527,919	-	722,084	1,805,835
108-147	NE VERNON CO R-I	863,750	369,058	116,992	544,786	167,086	-	-	167,086
109-002	WRIGHT CITY R-II	5,186,635	3,467,514	570,561	1,214,970	66,410	-	-	66,410
		\$ 655,711,540	\$ 735,993,854	\$ 76,218,302	\$ 89,131,920	\$ 244,355,738	\$ 156,262,030	\$ 40,968,240	\$ 48,402,266