



GOVERNOR JAY NIXON PRESENTS HIS STATE OF THE STATE ADDRESS

During this past week, Governor Jay Nixon gave his State of the State Address on January 27, 2009 and unveiled a \$23 billion FY10 operating budget. During his address, Governor Nixon presented five key priorities, which according to Nixon, represent a bipartisan approach to a budget shortfall in FY09 exceeding a quarter of a billion dollars, 219,000 unemployed and 729,000 uninsured Missourians and 42,000 families who have had their homes foreclosed last year.

Among Governor Nixon's priorities were:

- First, investing in Missouri's workforce and creating jobs with the Show Me JOBS initiative;
- Second, prioritizing support for K-12 education including full funding of the Foundation Formula;
- Third, guaranteeing no tuition increases at Missouri's public colleges and universities;
- Fourth, expanding access to higher education through implementation of the Missouri Promise Program, providing qualified students a pathway to a 4-year degree, tuition free;
- Fifth, maintaining vital health care services while expanding access to these services to an additional 62,000 Missourians, including more than 27,000 uninsured children; and
- Sixth, making state government more efficient and effective.

Governor Nixon reiterated his number one priority of protecting and creating jobs by requesting the legislature to put together an emergency job plan before spring break in March.

As for budget cuts, Nixon indicated his FY10 budget translates into a more efficient and less bureaucratic government with more than \$1 billion in overall core reductions and the elimination of approximately 1,300 positions, which results in a savings of nearly \$200 million in overhead.

Governor Nixon then offered his assurance that state funding from a much anticipated federal recovery package will soon be passed by Congress. However, before the funding, aimed at stimulating economic growth, is applied towards the budget, Nixon charged a newly created Economic Stimulus Coordination Council with the job of ensuring the wise investment of stimulus funding. A Senate Select Committee on Oversight of Federal Stimulus has also been created to study and analyze strategies for securing the maximum amount of federal dollars for Missouri. Nixon has included approximately \$800 million in federal stimulus funding in his proposed budget.

The Senate committee met for the first time on Wednesday, January 28 to begin preliminary discussions. Later that day the U.S. House of Representatives approved their version of the stimulus package, which includes an estimated \$544 billion in federal spending and \$275 billion in tax cuts for individuals and businesses. The Senate's version, which is expected to come to a vote sometime next week, is valued at nearly \$900 billion. A report detailing the committee's recommendations is anticipated by March 12.

It is too early to tell how House Budget Chair Allen Icet and Senate Appropriations Chair Gary Nodler will react to Governor Nixon's budget recommendations. However, it is clear that Republican leaders in both chambers are in opposition to Nixon's plan to use federal stimulus funding to balance the budget. Public testimony will continue over the course of the next couple of weeks, at which point the House Budget Committee will begin to draft and finalize its version of the state's budget for the Senate's consideration.

The Governor's proposed budget includes a total of \$5.4 billion for elementary and secondary education including \$3 billion to fully fund the Foundation Formula.

Several programs and services received a proposed increase in funding including: Missouri's Sheltered Workshop (increase by \$3.6 million to allow an \$18 per day, per employee, reimbursement rate); First Steps Program (increased by \$1.15 million); High need and special education funding (increased by nearly \$10 million); eMINTS-METS School Grant Program (increased by \$1 million); and an additional \$250,000 for alternative schools.

Programs and services that would be eliminated or reduced under Nixon's proposal include: Early grade literacy (reduction from \$500,000 to \$250,000); AP/Dual credit scholarships (reduction from \$355,000 to \$150,000); **Character Education (reduction from \$860,571 to \$645,248)**; Virtual Education (reduction from \$5.8 million to \$4.8 million); **Ed Commissioner-awarded grants (reduction from \$15 million to \$10 million)**; Performance based assessments (reduction from \$15,250,344 to 15,013,039); and After school programming (reduction from \$17,483,383 to \$17,408,383).

House Committee Action

The House Elementary and Secondary Education Committee held its first hearing on January 28. Committee Chair Representative Maynard Wallace presented HB 96, which includes numerous provisions dealing with school safety. A substitute is anticipated to address a concern brought forth last year dealing with a provision in the bill that allows school districts to commission peace officers. CSD of Greater St. Louis and other education groups testified in support of the bill.

The committee also heard Representative Gayle Kingery's HB 242, which would allow school districts to change to a four-day-per-week school calendar. According to Representative Kingery, 17 states allow a four-day-per-week schedule; however, he noted there are currently no urban, suburban or metro school districts participating. Kingery cited transportation, utility and food service cost savings benefits as well as improved morale, attendance, and test scores. MASA and MSTA testified in favor of the bill as long as the decision to opt into such a schedule is maintained at a local level. MNEA testified for informational purposes.

HB 64 (Representative Scott Lipke) was heard in the House Ways and Means Committee January 29. The bill would reduce the top bracket of Missouri's state income tax from six percent to five percent, reduce or eliminate taxes on the lower income brackets and increase the allowable deduction for federal income taxes paid. The bill's fiscal note shows a reduction in state revenue of \$102 million per year. However, Otto Fagen with MNEA, who testified in opposition to the measure, indicated the fiscal note is more likely in the neighborhood of \$1 billion per year.

Senate Committee Action

The Senate Education Committee met for the first time on January 28. Several bills were presented including SB 117 (Senator Tim Green), which would require DESE to recalculate state school aid for Riverview Gardens School District. According to Senator Green, the bill would simply correct an error that has resulted in a negative effect on the district's aid of more than \$6 million over the last three years. MNEA testified in support of the bill.

SB 55 (Senator Rita Days), which would allow school districts to maintain permanent records digitally or electronically, was also heard. Senator Days requested consent on this bill as the content is considered noncontroversial. MSBA, MNEA, MSTA and NFT testified in support of the bill.

Senator Yvonne Wilson then presented SB 79, which modifies the definition of "bullying" as used in school district antibullying policies to include cyberbullying and electronic communications. Mike Reed of MSBA testified in support of the measure indicating MSBA district policies already include this coverage, but indicated it would be wise for all districts to make this clarification. MNEA also testified in support.

LEGISLATION OF INTEREST INTRODUCED

Below is a listing of the bills of interest that CSD is currently tracking. For copies of any of the bills, please visit the General Assembly Web Site at www.moga.state.mo.us and click on Joint Bill Tracking. Just enter in the bill number and you will be able to bring up the actual text of the bill.

HOUSE BILLS

HB 27	Day	Authorizes an income tax deduction from a taxpayer's Missouri adjusted gross income for 100% of any military retirement income, regardless of age or income.
HB 47	Davis	Grants a parent the right to request a reimbursement of a portion of real estate taxes paid based on moneys expended by the parent for private or home schooling of his or her unemancipated minor children.
HB 64	Lipke	Revises the Missouri individual income tax rate schedule and increases the federal tax deduction for the individual income tax.
HB 68	Bivins	Authorizes a taxpayer 65 years of age or older who has lived in his or her home for at least two years to file a claim with the county assessor for a \$5,000 reduction from the appraised value of the home.
HB 72	Lampe	Requires school districts to establish special programs or services for students who are identified as academically gifted.
HB 73	Lampe	Requires the Department of Elementary and Secondary Education to develop teaching standards for all public schools.
HB 74	Lampe	Adds the gifted education pupil count to the calculation of weighted average daily attendance and removes an adequacy target limit for the school foundation formula.
HB 75	Lampe	Adds the gifted education pupil count to the calculation of weighted average daily attendance and removes an adequacy target limit for the school foundation formula.
HB 76	Lampe	Changes the laws regarding the identification, assessment, and education of children with autism spectrum disorder.
HB 77	Lampe	Lowers the age for beginning school from seven to six years and requires full-day kindergarten at all public schools.
HB 82	Kraus	Authorizes an individual income tax credit for military retirement benefits.
HB 87	Wallace	Exempts motor fuel used to operate school buses transporting students for educational purposes from the motor fuel tax.
HB 88	Brown-50	Authorizes a tax credit for employers who hire certain high school students for summer jobs.
HB 96	Wallace	Changes the laws regarding school employee liability, safety practices, and reporting acts of violence.
HB 101	Wildberger	Requires counties to accept quarterly payments of real and personal property taxes.
HB 102	Wildberger	Limits the increase in assessed valuation on certain residential property owned by a taxpayer 62 years of age or older.
HB 106	Kraus	Prohibits certain sexual offenders from serving as an athletic coach, manager, or trainer for any sports team with a member younger than 17 years of age.
HB 112	Munzlinger	Exempts motor fuel used to operate school buses transporting students for educational purposes from the motor fuel tax.
HB 113	Pollock	Requires collectors to establish a method by which taxes on personal property may be paid on or before June 30 of each year.
HB 119	Komo	Removes jobs of recalled workers from the definition of "new job" as it relates to the Missouri Business Use Incentives for Large-Scale Development Program.
HB 147	Hughes	Establishes the School Improvement District Act.
HB 148	Franz	Allows certain first and second classification counties to collect property taxes using electronic records and disbursements.
HB 166	Dusenberg	Requires health screenings for public school students in the second grade and eighth grade.
HB 174	Cox	Requires the Governor to disclose certain specified information regarding tax credits and state contracts.
HB 178	Stevenson	Authorizes a gradual reduction in the annual corporate income tax rate.
HB 185	Flook	Imposes a \$15 surcharge for motor vehicle moving traffic violations and creates the School Bus Safety Assistance Fund to assist schools in equipping buses with safety belts.
HB 188	Flook	Prohibits the use of school funds to purchase alcoholic beverages.
HB 191	Flook	Eliminates the cap for tax credits issued under the Missouri Quality Jobs Program.
HB 217	Hoskins-80	Requires the Department of Elementary and Secondary Education to establish criteria for the admission or rejection of nonresident students from unaccredited districts to adjoining accredited districts.
HB 222	Yates	Changes the election procedures for school board members of the Kansas City School District.
HB 227	Emery	Changes the laws regarding the Missouri Human Rights Act.

HB 236	Lipke	Establishes Kaitlyn's Law which requires school districts to allow certain students with disabilities to participate in graduation ceremonies after four years of high school attendance.
HB 242	Kingery	Allows school districts to establish a four-day school week upon a majority vote of the school board.
HB 265	Franz	Changes the laws regarding the Public School Retirement System of Missouri and the Public Employee Retirement System of Missouri.
HB 266	Yates	Allows charter schools to maintain a \$500,000 or more insurance policy issued by a Missouri company on its employees against theft instead of a surety bond based on the school's cash flow.
HB 289	Wallace	Requires the designation of an agent for a binding signature on a placement settlement and makes the five-business-day notice applicable to all special education due process hearings.
HB 290	Wells	Requires the board of education of each school district to adopt a policy for the random testing of the district's teachers and other employees for the unlawful use of controlled substances.
HB 293	Nance	Requires the Department of Social Services to provide all public school districts information on the state's health insurance program for uninsured children to be distributed at school enrollment.
HB 295	Chappelle-Nadal	Prohibits a public body from entering into a public works contract with a company that has been found guilty of conducting discriminatory employment practices within the preceding five years.
HB 298	Grisamore	Requires health carriers issuing or renewing a health plan to provide individuals younger than 21 years of age insurance coverage for the diagnosis and treatment of autism spectrum disorders.
HB 304	Schad	Specifies the meaning of "significant difference in the time involved in transporting students" for purposes of elections to change school district boundaries.
HB 305	Schad	Allows two or more adjacent school districts to share a superintendent when at least one of the districts' accreditation status is accredited or provisionally accredited.
HB 308	Nasheed	Phases out over a six-year period the state sales and use tax on the purchase of food and replaces the revenue with an additional excise tax on wine and liquor.
HB 309	Nasheed	Requires fiscal notes for proposed legislation and all applications for grants from state agencies to include a minority impact statement.
HB 311	Yates	Changes the laws regarding charter schools.
HB 316	Jones-89	Changes the laws regarding the Open Meetings and Records Law, commonly known as the Sunshine Law.
HB 318	Kelly	Requires the Department of Revenue to develop methods for replacing the state individual and corporate income tax and the estate tax with a fair tax based on all new retail sales and services.
HB 324	Silvey	Requires revenue from a tax increase within a tax increment financing district to be used only for the specified purposes.
HB 329	Kraus	Exempts real property owned by individuals 65 years of age or older with certain levels of income from increases in assessed valuation that are not from new construction or improvements.
HB 331	Faith	Establishes the GED+ Program to ensure that students achieve a certificate of general educational development (GED) and continue to a post-secondary education or to a high-wage job.
HB 341	Cunningham	Changes the laws regarding the Public School Retirement System of Missouri and the Public Education Employee Retirement System of Missouri.
HB 343	El-Amin	Prohibits the issuance of a driver's license or temporary permit to any person 15 to 18 years of age if a school submits information that the student is not in compliance with the eligibility standards.
HB 348	Parkinson	Authorizes a state income tax deduction for school supplies and books purchased for home schooling a child.
HB 353	Dusenberg	Exempts from real property taxes certain eligible taxpayers 75 years of age and older with certain income levels.
HB 354	Schlottach	Expands the "Missouri Public-Private Partnerships Transportation and exempts revenues received under the act from certain taxes.
HB 356	Wallace	Increases the overall appropriation amount for small school grants from \$15 million to \$20 million with \$15 million being distributed to eligible districts in proportion to their average daily attendance.
HB 374	Hobbs	Provides for abating tires or storm water runoff conditions as nuisances in certain counties.
HB 377	Hobbs	Specifies how each parcel of property in a neighborhood improvement district will be assessed if a single parcel is divided within five years of the costs of the improvement's assessment.
HB 383	Storch	Modifies the requirements for licensure of child care facilities.
HB 387	Cooper-155	Requires the development of a quality rating system for early childhood and before- and after-school programs that are licensed by the Department of Social Services.
HB 409	Low	Prohibits school bus drivers to sit idling the engine of a school bus while loading or unloading children at a school or while waiting for children to load or unload at a school.
HB 417	Scharnhorst	Establishes Bryce's Law, authorizing a tax credit for individuals who donate to a scholarship-granting organization if the donation is not claimed on their federal income tax return.
HB 418	Ervin	Establishes the Small Business and Entrepreneurial Growth Act to allow for the expansion of small businesses.
HB 424	Davis	States the existing fundamental constitutional right of parents to rear their children and prohibition on government from abridging such right without a compelling state interest.

HB 429	Hobbs	Establishes the Regional Economic Development Initiative which allows tax credits for donations to regional economic development organizations.
HB 432	Ervin	Provides an income tax exemption for corporations that do not participate in any program administered by the Department of Economic Development.
HB 450	Roorda	Prohibits third class cities from imposing storm water usage fees on churches, public schools, nonprofit organizations, or political subdivisions.
HB 456	Allen	Requires certain school nurses to be paid on the same pay scale as teachers with equivalent work history and working hours.
HB 479	Aull	Creates an alternative way of calculating the state adequacy target for school funding.
HB 480	Aull	Requires the certification of school food service directors and menu planners in public and private schools which receive funding through the federal school lunch program.
HB 488	Schad	Amends section 162.081, RSMo, relating to the restructuring of unaccredited school districts.
HB 490	Schad	Allows all public career-technical schools to participate in the A+ Schools Program.
HB 494	Nasheed	Increases the tax on cigarettes by sixteen cents per pack, with revenue to be deposited in the state general revenue fund.
HB 501	Scharnhorst	Requires the division of special education within DESE to develop and coordinate a program to provide ombudsman services to the children and families regarding special education programs and services.
HB 507	Yates	Creates a tax credit for equity investments in technology-based early stage Missouri companies and removes the annual limit on tax credit issuance for the Quality Jobs Act.

HOUSE CONCURRENT RESOLUTIONS

HCR 7	Hodges, Jr.	Urges Congress to prohibit certain public school employees from being forced to participate in the federal Social Security system rather than the Missouri Public School Retirement System.
HCR 15	Low	Supports efforts to begin investing in children now because an investment in children and early childhood programs is an investment in Missouri's future.

HOUSE JOINT RESOLUTIONS

HJR 6	Molendorp	Proposes a constitutional amendment raising the allowable level of bonded indebtedness for school districts.
HJR 7	Yates	Proposes a constitutional amendment creating the Missouri Savings Account Fund.
HJR 11	McGhee	Proposes a constitutional amendment guaranteeing a citizen's First Amendment right to pray on public property and reaffirming a citizen's right to choose any or no religion.
HJR 14	Davis	Proposes a constitutional amendment distributing 10% of the general revenue growth to the State Road Fund and the State Transportation Fund.
HJR 16	Davis	Proposes a constitutional amendment guaranteeing a parent or legal guardian the right to care, educate, and raise his or her children without governmental hindrance unless there is a compelling interest.

SENATE BILLS

SB 4	Shields	Establishes a quality rating system for child care facilities.
SB 12	Bartle	Allows school districts to adopt policies to provide additional pay or stipends to teachers of certain subject areas.
SB 19	Bray	Implements the provisions of the streamlined sales and use tax agreement.
SB 23	Callahan	Designates that the gaming revenues derived from the repeal of the loss limits will be used for higher education tuition reduction.
SB 24	Callahan	Modifies provisions relating to elementary and secondary education funding.
SB 25	Callahan	Modifies provisions relating to elementary and secondary education funding.
SB 32	Wilson	Establishes the Duty Free Zone Act.
SB 33	Wilson	Creates the Missouri Strive to Succeed Graduation Program to distribute grants to certain school districts for drop-out prevention efforts.
SB 40	Rupp	Modifies provisions of the Bright Flight Scholarship Program.
SB 41	Cunningham	Creates the Amy Hestir Student Protection Act.
SB 42	Cunningham	Creates the teacher choice compensation package to provide performance-based salary stipends for participating teachers.
SB 51	Bray	Requires the state board of education to classify a charter school as "unaccredited" based on annual performance review scores.
SB 55	Days	Allows school districts to maintain permanent records digitally or electronically.
SB 56	Callahan	Requires gaming revenues from the repeal of the loss limits to be distributed to school districts based on a district's average daily attendance calculation.

SB 60	Wilson	Requires the Department of Elementary and Secondary Education to develop teaching standards for Missouri public schools.
SB 64	Rupp	Modifies provisions relating to charter schools.
SB 75	Wilson	Decreases acreage requirements for eligibility under the Distressed Areas Land Assemblage Tax Credit Act.
SB 76	Wilson	Creates the Volunteer and Parents Incentive Program for public elementary and secondary schools.
SB 78	Wilson	Creates the Missouri Senior Cadet Program for mentoring of kindergarten through eighth grade students.
SB 79	Wilson	Modifies the definition of "bullying" as used in school district antibullying policies to include cyberbullying and electronic communications.
SB 85	Crowell	Creates the Missouri Special Needs Scholarship Tax Credit Program.
SB 96	Justus	Establishes educational rights for foster care students and requires a full school day of education for certain children.
SB 97	Smith	Requires the Department of Elementary and Secondary Education to contract with an online test preparation company for a customized SAT and ACT preparation program for high school juniors.
SB 98	Smith	Creates an income tax deduction for the purchase of qualified hybrid motor vehicles.
SB 104	Justus	Provides information and the opportunity to be immunized for the human papilloma virus.
SB 116	Bray	Creates the Persistence to Graduation Fund to distribute grants to certain school districts for drop-out prevention efforts.
SB 117	Green	Requires the Department of Elementary and Secondary Education to recalculate state school aid for Riverview Gardens School District to correct an error.
SB 121	Purgason	Institutes a two-year moratorium on all state tax credits.
SB 127	Rupp	Requires the Governor to annually issue a proclamation declaring the third week of March as Math, Engineering, Technology and Science Week.
SB 129	McKenna	Prohibits school bus drivers from using wireless telephones or other electronic wireless communication devices while operating school buses on the highways.
SB 132	Smith	Modifies provisions relating to school anti-bullying policies.
SB 135	Dempsey	Requires school districts to pay registered professional school nurses on the same salary schedule as teachers.
SB 139	Mayer	Uses revenue from the repeal of the gaming loss limits to fund minimum salary supplements for teachers, early childhood, and school transportation.
SB 142	Bartle	Requires mandatory review and sunset of certain tax credit programs.
SB 146	Dempsey	Increases the amount of tax credits available for taxpayers who modify their home for disabled persons and provides such credit for doing the same for seniors.
SB 151	Clemens	Requires high school students to fulfill the personal finance graduation by completing a course through their school district or the virtual public school.
SB 155	Goodman	Requires the governor to disclose information regarding tax credits and state contracts.
SB 167	Rupp	Requires health carriers to provide coverage for the diagnosis and treatment of autism spectrum disorders under certain conditions.
SB 174	Griesheimer	Modifies provisions of law relating to property taxation.
SB 175	Schmitt	Requires the Department of Elementary and Secondary Education to produce "The Parents' Bill of Rights" for parents of children with an individualized education program.
SB 198	McKenna	Modifies provisions relating to teacher and school employee retirement systems.
SB 208	Rupp	Allows the state board of education to grant teaching certificates to individuals to teach part-time in specific areas.
SB 232	Cunningham	Prohibits certain public agencies and political subdivisions from discrimination based on an individual's elementary and secondary education program.
SB 233	Cunningham	Allows the State Board of Education to issue teacher certificates to certain individuals in the areas of banking and financial responsibility.
SB 234	Cunningham	Allows school districts to offer incentives or salary schedule modifications under certain circumstances.
SB 235	Cunningham	Allows for the conversion of manufactured homes from personal property to real property and the reconversion of manufactured homes from real property to personal property.
SB 238	Callahan	Disallows the domestic production deduction for Missouri Income tax purposes.
SB 241	Bray	Modifies various tax provisions.
SB 246	Schaefer	Creates a tax credit for contributions to regional economic development organizations.
SB 252	Smith	Creates a tax credit for equity investments in technology-based early stage Missouri companies.
SB 253	Justus	Requires that vacancies for Kansas City school board members be filled by special election rather than by appointment.
SB 259	Wright-Jones	Modifies the definition of weighted average daily attendance in the elementary and secondary education funding formula.
SB 271	Bray	Allows senior citizens and disabled persons to defer property tax payment.

SB 274 Crowell Modifies provisions of the Missouri development finance board development fund contribution tax credit program.

SENATE JOINT RESOLUTIONS

SJR 1 Bartle Creates the Missouri Savings Account in the Constitution.

SJR 4 Cunningham Limits increases in assessed value of real property caused by reassessment until a transfer of ownership occurs.

SJR 7 Rupp Creates the Missouri Revenue Retention Fund in the Constitution.

SJR 12 Scott Proposes a constitutional amendment reaffirming a citizen's right to free expression of religion.

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Cooperating School Districts / 1460 Craig Road / St. Louis, MO 63146 / 314-872-8282**