



*Presented by:*

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# Charter School Budgeting, Calendar Requirements, and Reflection on Coding Changes



September 2019

# Topics



- State Adequacy Target and Threshold Percentages
- Estimated ADA
- Charter School Payment Overview
- Classroom Trust Fund
- Proposition C
- Prior Year Correction
- Calendar Requirements
- Inclement Weather
- Reflection on the Year of Coding Changes
- Importance of Proper Coding



# State Adequacy Target

# SAT and Threshold Recalculations



- The SAT and related Thresholds have been recalculated for the fiscal year 2019-20 as follows:
  - ❑ SAT\* \$6,375
  - ❑ Free & Reduced Lunch Threshold 31.42%
  - ❑ Special Education (IEP) Threshold 12.06%
  - ❑ Limited English Proficiency Threshold 2.50%

*\*The SAT will remain at an adjusted level through the calculation process until such time that there is funding available to increase the SAT to the calculated level provided above.*



- The SAT and related Thresholds for fiscal year 2020-21 and 2021-22 have been recalculated.
  - ❑ State Adequacy Target 2020-21 \$6,375
  - ❑ Free & Reduced Lunch Threshold 29.45%
  - ❑ Special Education (IEP) Threshold 12.83%
  - ❑ Limited English Proficiency Threshold 2.07%

*\*The SAT will remain at an adjusted level through the calculation process until such time that there is funding available to increase the SAT to the calculated level provided above.*



- The SAT was calculated at \$6,375 but per 163.011 RSMo, “should a recalculation result in an increase in the state adequacy target amount, fifty percent of that increase shall be included in the state adequacy target amount in the year of recalculation, and fifty percent of that increase shall be included in the state adequacy target amount in the subsequent year.”
- Example:
  - ❑ 2018-2019 with half the increase applied equals \$6,308
    - $\$6,375 - \$6,241 = \$134$ .  $\$134/2 = \$67$ .  $\$6,241 + \$67 = \$6,308$ .
  - ❑ 2019-2020 with the remaining half of the increase applied equals \$6,375.

# SAT and Threshold Recalculations



- For fiscal Year 2020-21 and 2021-22 the SAT was calculated at \$6,330 but per 163.011 RSMo, “The recalculation shall never result in a decrease from the state adequacy target as calculated for fiscal years 2017 and 2018 and any state adequacy target figure calculated subsequent to fiscal year 2018.”
- Example:
  - ❑ 2018-2019 = \$6,375 which is greater than \$6,330.
  - ❑ SAT remains \$6,375.



# Estimating ADA

# Estimated Regular Term ADA



- Charter schools are paid on the current year estimated regular term ADA. This estimate should NOT include Summer School ADA.
- Review the estimated ADA often throughout the school year.
- *Estimated ADA can be modified at any time during the year and the calculation must be e-mailed to the charter school's finance consultant to enter on the School Finance Estimated ADA screen.*
- Final date to provide an update is May 15.

# Estimated Regular Term ADA



- Print a year-to-date ADA report from the schools student information system.
  - This allows you to see where you are at any given point in time during the year.
  - Allows you to see the number of students enrolled.
- Be careful to only include PK students eligible to be claimed for state aid in your estimated ADA.

# Estimated Regular Term ADA



- Take into consideration the attendance percentage for the school when estimating
- Be careful not to overestimate

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# Charter School Payment Overview

# Charter School Payment



- Regular Term ADA - Charter schools are paid based on an estimated regular term ADA
- Summer School ADA
  - Summer school attendance hours are divided by 1,044
  - Each charter school provides the summer school attendance hours to DESE via the Missouri Student Information System (MOSIS August Enrollment and Attendance File)
- Total ADA
  - Regular Term ADA plus Summer School ADA

# Charter School Payment



- Weighted Average Daily Attendance (WADA) Calculation

	Regular Term ADA
+	<u>Summer School ADA</u>
=	Total ADA
+	Free and Reduced Lunch Weighting
+	IEP Weighting
+	<u>LEP Weighting</u>
=	Total WADA

# Charter School Payment Overview



The example provided is specifically for FRL, this same calculation can be followed for IEP and LEP weighting by using the threshold percentage and weighting components that apply to IEP and LEP.

Total ADA (1+2)	990.3535
Free & Reduced Lunch (FRL) count	495.17
Threshold Percentage	31.42%
Threshold Amount (Total ADA times threshold percentage)	311.1690
Count to be weighted (FRL count minus threshold amount)	184.0010
FRL Weighting (Count to be weighted times .25)	46.0000

# Charter School Payment



- Weighted Average Daily Attendance (WADA) Calculation

1. Estimated ADA	947.0000
2. Summer School ADA	43.3535
3. Total ADA (Line 1 + 2)	990.3535
4. FRL weighting	46.0000
5. IEP weighting	0.0000
6. LEP weighting	0.0000
7. Total WADA (Line 3 + 4 + 5+ 6)	1,036.3535



- A district and all charter schools within their boundaries are grouped together to calculate the amount of Basic Formula monies due to the group.
  - District Formula Weighted Average Daily Attendance (FWADA) is the higher of the first or second preceding year Weighted Average Daily Attendance (WADA) or an estimate of the current year WADA.
  - Charter schools FWADA is the estimate of the current year.

# Charter School Payment Overview



Example

1	Formula WADA (District & Charters Combined)		33,497.9786
2	Multiplied by State Adequacy Target	x	<u>\$6,308.00</u>
3	Equals District Total (Line 1 x Line 2)		\$211,305,249.01
4	Multiplied by Dollar Value Modifier (DVM)	x	1.084
5	Equals District Total Modified (Line 3 x Line 4)		\$229,054,889.93
6	Minus Local Effort	-	<u>\$107,228,407.18</u>
7	Equals State Funding Required (Line 5 - Line 6)		<u>\$121,826,482.75</u>
8	FY06 State Funding		\$137,389,857.33
	Phase-In Calculation:		
9	SB 287 Formula (Line 7 x 100 %)		\$121,826,482.75
10	FY06 State Funding (Line 8 x 0 %)	+	<u>\$0.00</u>
11	Total		\$121,826,482.75
12	Total per Payment Weighted ADA (Line 11 / Line 1)		\$3,636.8309
	Hold Harmless Calculation:		
13	Dollar Value Modifier		1.084
14	FY06 Modified State Funding		\$148,518,435.77
15	FY06 Modified Per 2005-06 Weighted ADA (Line 14 / 2005-06 Weighted ADA)		\$4,035.9785
16	If Line 12 < Line 15, then district held harmless: (Line 1 x Line 15)		\$135,197,121.42
17	Total Basic Formula Payment (Greater of Line 11 or 16)		\$135,197,121



# Charter School Payment Overview



- To determine how much the district and each charter school receives, the Total Basic Formula Payment is divided by the Total FWADA.

## Example

- Line 17 divided by line 1
  - $\$135,197,121 / 33,497.9786 = \$4,035.9785$
- The district and each charter school is paid \$4,035.9785 in Basic Formula monies per FWADA.

# Charter School Payment Overview



- Two calculations used to determine the amount of Local Effort should be given to the charter schools.
  - Amount of Local Effort below \$3.43.
  - Amount of Local Effort above \$3.43.



- Amount of Local Effort below \$3.43 is calculated as follows:
  - Local Effort deduction in the formula calculation divided by the FWADA.

## Example

- Line 6 divided by line 1
  - ❖  $\$107,228,407.18 / 33,497.9786 = \$3,201.0411$



- Amount of Local Effort above \$3.43 is calculate as follows:
  - ❑ 2<sup>nd</sup> prior year December 31 Assessed Valuation as reported on the Annual Report of the County Clerk to the State Board of Education
  - ❑ Divided by 100
  - ❑ Multiplied by the 2<sup>nd</sup> prior year tax rate above \$3.43
  - ❑ Less assessor & collector fees
  - ❑ Divided by the 2<sup>nd</sup> prior year WADA of the district and charter schools



## Example

- Fiscal Year 2019

12-31-2016 Assessed Valuation (2016-17 County Clerk Report)	\$2,898,763,386.00
Divided by 100 * \$1.5299 FY 2016-17 tax rate > \$3.43	\$44,348,181.0000
Less assessor & collector fees at 1.58 %	\$700,701.26
Net Tax Revenue > \$3.43 tax rate	\$43,647,479.78
2017-2018 District Weighted ADA + Charters	32,444.9973
Local Tax Revenues > \$3.43 per Weighted ADA	*\$1,345.2761

\*District Basic Formula Amount per WADA cannot be negative. If actual calculation falls below zero, Local Effort greater than \$3.43 is adjusted.

# Charter School Payment Overview



- To determine the amount to be paid to the district, the Basic Formula amount per FWADA is lowered by the amount of local monies to be passed through to the charter schools.
- To determine the amount to be paid to the charter schools the Basic Formula amount per FWADA is increased by the amount of local monies that are being passed from the district.



## Example

- Charter payment

Basic Formula amount per FWADA (Line 21)	\$4,035.9785
+ Local Effort Less Than \$3.43 (Line 18)	\$3,201.0411
+ Local Effort Greater Than \$3.43 (Line 19)	\$1,345.2761
= Charter Amount per WADA	\$8,582.2957

# Charter School Payment Overview



## Example

- District Local Taxes to be passed to charter schools

Local Effort Less Than \$3.43 (Line 18)	\$3,201.0411
Local Effort Greater Than \$3.43 (Line 19)	*\$1,345.2761
<b>Total</b>	<b>\$4,546.3172</b>
Multiplied by Charter FWADA of 15,472.1873	\$70,341,471.2436
Divided by District FWADA of 18,025.7913	\$3,902.2681

- District payment

Total Local Dollars to Pass to Charter Schools (Line 22)	\$3,902.2681
- Basic Formula Amount owed to District (Line 21)	\$4,035.9785
= District Basic Formula Amount per WADA (Line 23)	**\$133.7104

\*District Basic Formula Amount per WADA cannot be negative. If actual calculation falls below zero, Local Effort greater than \$3.43 is adjusted.



- Once the Basic Formula amount per FWADA and the amount of local tax dollars above \$3.43 and below \$3.43 to pass to the charter schools is determined the annualized amount of monies to be paid is calculated.

## Example

- \$8,582.2957 x FWADA of each charter
- \$133.7104 x FWADA of the resident district

# Charter School Payment Overview



- Charter sponsors receive a portion of the charter school payment.
  - ❑ 5 CSR 20-100.270, allows for the adjustment of the charter school sponsor payment cap due to inflation.
  - ❑ Cap is set at \$155,696.20 for fiscal year 2019-20 year.

	Estimated WADA
X	Amount per WADA
-	Charter school sponsor withholding
=	Net to Charter

# Charter School Payment Overview



- Payments are calculated each month using the most updated available data at the time of calculation.
- Monthly payment amounts are calculated by calculating the amount owed year-to-date and subtracting what has been paid so far during the fiscal year.
  - ❑ Roughly 1/12<sup>th</sup> is paid each month
  - ❑ Prior year correction should be added to or subtracted as appropriate.

# Charter School Payment Overview



	Estimated WADA
X	Amount per WADA
-	Charter school sponsor withholding
=	Net to Charter
<hr/>	
X	Total amount due at current time in the year
	(Ex: September payment is 3/12 <sup>th</sup> of annual amount)
-	Amount paid during the previous months
=	Payment amount due for month



## Prior Year Correction

# Prior Year Correction



- The 2018-19 Basic Formula, Classroom Trust Fund, Prop C, and Transportation Apportionments will be recalculated at least twice during the 2019-20 school year
- November or December will be the first time the recalculation is completed and will reflect the largest correction
- A second prior year correction will likely be done in May



- Why is a Basic Formula prior year correction done?
  - ❑ Required by 163.031, RSMo.
  - ❑ Charter schools are paid on an estimate of the current year ADA.
    - A calculation is now completed based upon actual data.
      - ❖ June MOSIS Enrollment and Attendance Information
      - ❖ Screen 10 Actual Calendar Information



- To calculate the prior year correction, start with the June Basic Formula Calculation page
  - Change the WADA to the 2018-19 actual WADA
  - Multiply by the recalculated payment amount per WADA
- Calculation sheets are not currently available for the prior year corrections

# Prior Year Correction



- 2019-20 Basic Formula, Line 17B
  - ❑ June 2019 Calculation      \$1,036,437
  - ❑ 2019 Recalculation      \$1,068,273
  - ❑ Difference/Correction      \$    31,836
- Note: A school may receive a negative correction even though the charter school's data did not change

# Monthly Formula Payment



September FY 2019 Basic Formula Apportionment	=	\$ 3,730,470
.25 of the September Apportionment	=	\$ 932,617
Amount paid to school July through August (taken from August transmittal sheet)		(\$613,015)
September FY 2019 Payment	=	\$ 319,602
FY 2018 Prior Year Correction (when applicable) +/-		\$31,836
September Payment	=	\$ 351,438



# Classroom Trust Fund

# Classroom Trust Fund (CTF)



- Gaming monies
- Part of revenue available to fund formula
- State funds to districts/charter schools will show dollars from CTF and dollars from state General Revenue
- Paid on first preceding year's ADA

# Classroom Trust Fund



- Shall be spent at discretion of the charter school
  - For the 2010-11 school year and for each subsequent year, all proceeds a charter school receives from the classroom trust fund in excess of the amount the charter school received from the classroom trust fund in the 2009-10 school year shall be placed to the credit of the charter's teachers' and incidental funds.
- May be used for:
  - Teacher recruitment, retention, salaries
  - School construction, renovation, leasing
  - Technology, textbooks, instructional materials
  - School safety
  - Supplying additional funding for required programs

# Classroom Trust Fund



Payment Year	Total Dollars Distributed	Payment Amount	Payment Made Per
2014-15	\$328,363,525	\$387.43	2013-14 ADA
2015-16	\$329,840,005	\$389.14	2014-15 ADA
2016-17	\$343,971,832	\$404.95	2015-16 ADA
2017-18	\$349,247,337	\$414.58	2016-17 ADA
2018-19	\$343,908,779	\$413.17	2017-18 ADA



## Budgeting for 2019-20

Appropriation \$349,999,054

Estimate of the 2018-19 ADA is 849,000

Estimate of \$412 per 2018-19 ADA

The state will only distribute funds that are actually collected into the Classroom Trust Fund



# Proposition C

# Proposition C



- \$.01 state-wide general sales tax for education with a corresponding property tax reduction for school districts/charter schools.
- Collected locally, transmitted to the state and then passed on to school districts/charter schools based on an amount per prior year Weighted Average Daily Attendance (WADA) amount.

# Proposition C



Payment Year	Total Dollars Distributed	Payment Amount	Payment Made Per
2014-15	\$831,282,018.32	\$921.08912076	2013-14 WADA
2015-16	\$854,000,000.00	\$947.63439917	2014-15 WADA
2016-17	\$884,800,000.00	\$979.04028383	2015-16 WADA
2017-18	\$901,588,940.72	\$988.29529896	2016-17 WADA
2018-19	\$915,335,883.74	\$1,006.83376034	2017-18 WADA



## **Budgeting for 2019-20**

Appropriation is \$958,400,000

Estimate of the 2018-19 WADA is 925,000

Estimate of \$1,036 per 2018-19 WADA

The state can only distribute what is appropriated for Proposition C.



# Transportation



## Budgeting for 2019-20

- Appropriation is \$107,547,713
- 1% Increase



# School Calendar Options

# School Calendar Options



- Starting with the 2019-20 school year there will be an hour requirement of 1,044 hours of instruction.
  - ❑ There will no longer be a minimum and maximum day length.
  - ❑ There will no longer be a day requirement.
- Half-day Kindergarten or Prekindergarten programs must provide a minimum of 522 hours of instruction.

# Standard Day Length



- Total number of hours between the starting time of the first class and the dismissal time of the last class, minus the time allowed for lunch and one passing time caused by lunch, and minus Channel One time.
- Passing time and recess time supervised by certificated staff are included.
- The standard day length is reported to four decimal places.

# Standard Day Length



- If the charter school makes sure the minutes in the standard day length and partial day length are divisible by three there will be no rounding problems that impact the standard day length.
- If the calendar for a grade level or building varies from other grade levels or buildings in the school, a separate calendar must be shown in Core Data Screen 10.

# Weather Make-Up Requirements



- Starting in the 2019-20 school year there will be a make-up hour requirement instead of a day requirement.
  - ❑ 36 planned make-up hours will be required.
- The district or charter school cannot go below 1,044\* hours in session unless forgiven by weather make-up requirements. Weather make-up requirements are:
  - ❑ The first 36 weather hours are made up, then half the amount thereafter up to 48 hours, for a maximum of 60 total make-up hours.

\*522 for half day Kindergarten or Prekindergarten programs.

# Weather Make-Up Requirements



- Inclement weather shall be defined as:
  - ❑ Ice
  - ❑ Snow
  - ❑ Extreme cold
  - ❑ Flooding
  - ❑ Tornado
  - ❑ Excessive Heat

# Weather Make-Up Requirements



- Per 171.033.4, RSMo, “In school year 2019-20 and subsequent years, a school district may be exempt from the requirement to make up school lost or cancelled due to inclement weather in the school district when the school district has made up the thirty-six hours required under subsection 2 of this section and half the number of additional lost or cancelled hours up to forty-eight, resulting in no more than sixty total make-up hours required by this section.”



# Reflection on the Fiscal Year 2018-19 Coding Changes



- Change is a lot of work for everyone
- Everyone submitted their ASBR
- There is still work to be done

# Importance of Proper Coding



- Incorrect reporting on
  - ❑ reports submitted to the districts'/charter schools' board of education.
  - ❑ quarterly reporting required by 160.066, RSMo.
  - ❑ sunshine law request.
  - ❑ the annual independent audit.
  - ❑ the Annual Secretary of the Board Report (ASBR).
  - ❑ Final Expenditure Reports (FERs).
  - ❑ Maintenance of Effort (MOEs) calculations.

# Importance of Proper Coding



- Impact of incorrect reporting
  - ❑ Comparison of information between districts/charter schools may appear unreasonable.
  - ❑ Payments made to the district/charter school could be incorrect.
  - ❑ Errors in the calculation of Indirect Cost.
  - ❑ Errors in the calculation of Current Expenditures used in the Building Level Current Expenditure calculation.
  - ❑ Errors in the information used in the District Report Card.
  - ❑ Errors in calculating the district/charter school tuition rate.
  - ❑ Errors in calculating the district Local Tax Effort.
  - ❑ Errors in the reporting DESE is required to submit to the federal government.
    - NPEFS
    - F33
    - F33-SLFS

# Importance of Proper Coding



- Other Potential Impacts of incorrect reporting
  - ❑ Decisions on legislative activity based upon incorrect information.
    - Both federal and state governments
  - ❑ Decisions made by the district's/charter school's board of education based upon incorrect information.

# Contact Information



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