



State Basic Aid Formula, Tax Rates, Budget and Calendar

PRESENTED BY:

**ROGER DORSON ~ COORDINATOR, SCHOOL
ADMINISTRATIVE SERVICES**

**JENNIFER JORDAN ~ DIRECTOR, SCHOOL
FINANCE**

July 2015

Missouri Department
of Elementary and Secondary Education

Formula Calculation

Weighted Average Daily Attendance
x State Adequacy Target
x Dollar Value Modifier
- Local Effort
= State Funding



Formula Calculation

Weighted Average Daily Attendance

x State Adequacy Target

x Dollar Value Modifier

- Local Effort

= State Funding



Weighted ADA

$$\begin{aligned} & \text{Regular Term ADA} \\ + & \text{ Summer School ADA} \\ = & \text{Total ADA} \end{aligned}$$

$$\begin{aligned} + & \text{Free and Reduced Lunch Weighting} \\ + & \text{IEP Weighting} \\ + & \text{ LEP Weighting } \\ = & \text{Total WADA} \end{aligned}$$



Total ADA

- Regular Term ADA
 - Regular term attendance hours divided by the calendar hours in session
 - Each district provides the attendance hours to DESE via the Missouri Student Information System (MOSIS) and the calendar to DESE via Core Data
- Summer School ADA
 - Summer school attendance hours divided by 1,044
 - Each district provides the summer school attendance hours to DESE via the Missouri Student Information System (MOSIS)
- Total ADA
 - Regular Term ADA plus Summer School ADA



Weighted ADA Calculation (2015-2016)

	2nd Preceding Year <u>2013-2014</u>	1st Preceding Year <u>2014-2015</u>
1. Regular Year ADA	869.7773	850.0000
2. Summer School ADA	17.5422 (SS-2013)	24.2662 (SS-2014)
3. Total ADA (1+2)	887.3195	874.2662



Weighted ADA

Weighting Components

2014-2015 and 2015-2016

- Free and reduced price lunch > 41.00% of ADA weighted at .25
- Special Education (IEP) students > 12.60% of ADA weighted at .75
- Limited English Proficient (LEP) students > 2.10% of ADA weighted at .60

- Recalculated every two years



Example - FRL Weighting

Total ADA (1+2)	100
Free & Reduced Lunch (FRL) count	50
Threshold Percentage	41.00%
Threshold Amount (Total ADA times the threshold percentage)	41
Count to be weighted (FRL count minus Threshold Amount)	9
FRL Weighting (Count to be weighted times weighting of .25 which applies to FRL)	2.25

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.



Weighted ADA Calculation (2015-2016)

	2nd Preceding Year <u>2013-2014</u>	1st Preceding Year <u>2014-2015</u>
1. Regular Year ADA	869.7773	850.0000
2. Summer School ADA	17.5422 (SS-2013)	24.2662 (SS-2014)
3. Total ADA (1+2)	887.3195	874.2662
4. Free & Reduced Lunch (Screen 15)	562.52	560.00
5. Threshold Percentage	38.80%	41.00%
6. Minus Total ADA (Line 3) times line 5 (threshold %)	344.2800	358.4491
7. Equals Count to be weighted (Line 4 – Line 6)	218.2400	201.5509
8. FRL Weighted Calculation (Line 7 x 25%)	54.5600	50.3877



Community Eligibility Program (CEP)

- If the district is participating in CEP the FRL count is a calculated number for the year in which the district is participating
- The count will be calculated using a percentage based on numbers reported by the district in the year prior to the district electing to participate in CEP
- The percentage is calculated by taking the FRL count and dividing by the ADA
- This percentage will be multiplied by the current year ADA to obtain the FRL count that will be used



Weighted ADA Calculation (2015-2016)

	2nd Preceding Year <u>2013-2014</u>	1st Preceding Year <u>2014-2015</u>
1. Regular Year ADA	869.7773	850.0000
2. Summer School ADA	17.5422 (SS-2013)	24.2662 (SS-2014)
3. Total ADA (1+2)	887.3195	874.2662
9. IEP Count (Screen 11)	200	195
10. Threshold Percentage	13.20%	12.60%
11. Minus Total ADA (Line 3) times line 10 (threshold %)	117.1262	110.1575
12. Equals Count to be weighted (Line 9 – Line 11)	82.8738	84.8425
13. IEP Weighted Calculation (Line 12 x 75%)	62.1554	63.6319



Weighted ADA Calculation (2015-2016)

	2nd Preceding Year <u>2013-2014</u>	1st Preceding Year <u>2014-2015</u>
1. Regular Year ADA	869.7773	850.0000
2. Summer School ADA	17.5422 (SS-2013)	24.2662 (SS-2014)
3. Total ADA (1+2)	887.3195	874.2662
14. LEP Count (LEP Census)	1	1
15. Threshold Percentage	1.80%	2.10%
16. Minus Total ADA (Line 3) times line 5 (threshold %)	15.9718	18.3596
17. Equals Count to be weighted (Line 14 - Line 16)	0	0
18. LEP Weighted Calculation (Line 17 x 60%)	0	0



Weighted ADA & Formula Weighted ADA (2015-2016)

	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
1. Regular Year ADA	869.7773	850.0000	0.0000
2. Summer School ADA	17.5422 (2013)	24.2662(2014)	22.0000 (2015)
3. Total ADA (1+2)	887.3195	874.2662	22.0000
8. FRL Weighted	54.5600	50.3877	0
13. IEP Weighted	62.1554	63.6319	0
18. LEP Weighted	0	0	0
19. Weighted ADA (Line 3 + 8 + 13 + 18)	1,004.0349	988.2858	0
20. Weighted ADA (Line 19) minus Summer School ADA (Line 2)	986.4927	964.0196	0
21. Formula Weighted ADA (highest of 3 years line 20 + current Summer School ADA)			1,008.4927



Formula Worksheet Example

1. Weighted ADA

1,008.4927

Highest of:

Current Year Estimated ADA = 0

Second Preceding WADA = 986.4927

First Preceding WADA = 964.0196

Plus current summer school ADA = 22.00



Formula Calculation

Weighted Average Daily Attendance
x State Adequacy Target
x Dollar Value Modifier
- Local Effort
= State Funding



State Adequacy Target

- Average expenditures of perfect score Annual Performance Report districts
- 2009-2010 and prior years \$6,117
- 2010-2011 \$6,124
- 2011-2012 \$6,131
- 2012-2013 – 2013-2014 \$6,716 (\$6,131 used)
- 2014-2015 \$6,580 (\$6,131 used)
- 2015-2016 \$6,580 (currently projecting \$6,110)
- Recalculated every 2 years



Formula Worksheet Example

1. Weighted ADA	1,008.4927	}
2. Multiplied by State Adequacy Target	\$6,131	
3. Equals District Total (Line 1 X Line 2)	<u>\$6,183,068.74</u>	



Formula Calculation

Weighted Average Daily Attendance
x State Adequacy Target
x Dollar Value Modifier
- Local Effort
= State Funding



Dollar Value Modifier

- ✓ Index of relative purchasing power of a dollar
- ✓ $1 + .15(\text{regional wage ratio} - 1.00)$
- ✓ Shall not be less than 1.00
- ✓ Regional wage ratio = regional wage per job \div state median wage per job
- ✓ Calculated on a regional basis if district is in a micropolitan or metropolitan area
- ✓ Otherwise, on a county basis
- ✓ Range - currently 1.000 to 1.092



Formula Worksheet Example

1. Weighted ADA	1,008.4927
2. Multiplied by State Adequacy Target	<u>\$6,131</u>
3. Equals District Total (Line 1 X Line 2)	\$6,183,068.74
4. Multiplied by Dollar Value Modifier	<u>1.0250</u>
5. Equals District Total Modified (Line 3 x Line 4)	\$6,337,645.46



Formula Calculation

Weighted Average Daily Attendance
x State adequacy target
x Dollar Value Modifier
- **Local Effort**
= State Funding



Local Effort

- 2004-05 Property Tax Calculation
- 2004-05 Revenue in Incidental & Teachers Funds
 - ◆ Financial Institutions Tax (5114)
 - ◆ Fines, Escheats (5211)
 - ◆ In Lieu of Tax (5116)
 - ◆ Merchants & Manufacturers (5115)
 - ◆ State Assessed Railroad & Utilities (5221)
 - ◆ Federal properties, unless used in Impact Aid (5231)
 - ◆ One-half of Proposition C (5113)



Local Effort Calculation

2004-05 Local Property Tax Effort

1.	Assessed valuation (December 31, 2004)	\$41,171,230
2.	Performance Tax Levy	<u>\$3.43</u>
3.	Local Tax Revenue (Line 1/100 x Line 2)	\$1,412,173.19
4.	Minus Collector and Assessor Fees (2.50 % x line 3)	<u>\$35,304.33</u>
5.	Net Local Tax Revenue (Line 3 - Line 4)	\$1,376,868.86



Local Effort Calculation

2004-05 Incidental + Teachers Fund Receipts

6.	School District Trust Fund (Prop C) x ½	\$368,741.80
7.	Financial Institution Tax	\$21.90
8.	Merchant's and Manufacturer's Tax	\$9,997.19
9.	In Lieu Of Tax	\$1,133.95
10.	Fines, Escheats, etc.	\$22,846.98
11.	State Assessed Utilities	\$149,800.35
12.	Federal Properties	\$0.00
13.	Local Earnings and Income Taxes	\$0.00
14.	Total Receipts (Sum Lines 6 – 13)	<u>\$552,542.17</u>
15.	Total Local Effort (Local Property Tax Effort + Receipts) (Line 5 + Line 14)	\$1,929,411.03



Local Tax Effort Reminders

- ❖ Performance levy is \$3.43 for every district except special districts
- ❖ Performance levy does not change when the State Adequacy Target is recalculated
- ❖ Remains constant through the life of the formula, except:
 - ❖ Decrease in assessed valuation below 2004 valuation
 - ❖ Increase in Fines above 2004-05 revenue



Formula Worksheet Example

1. Weighted ADA	1,008.4927
2. Multiplied by State Adequacy Target	<u>\$6,131</u>
3. Equals District Total (Line 1 X Line 2)	\$6,183,068.74
4. Multiplied by Dollar Value Modifier	<u>1.0250</u>
5. Equals District Total Modified (Line 3 x Line 4)	\$6,337,645.46
6. Minus Local Effort	\$1,929,411.03



Formula Calculation

Weighted Average Daily Attendance
x State Adequacy Target
x Dollar Value Modifier
- Local Effort
= State Funding



Formula Worksheet Example

1. Weighted ADA	1,008.4927
2. Multiplied by State Adequacy Target	<u>\$6,131</u>
3. Equals District Total (Line 1 X Line 2)	\$6,183,068.74
4. Multiplied by Dollar Value Modifier	<u>1.0250</u>
5. Equals District Total Modified (Line 3 x Line 4)	\$6,337,645.46
6. Minus Local Effort	\$1,929,411.03
7. Equals State Funding (Line 5 - Line 6)	\$4,408,234.43
8. FY06 State Funding	\$2,747,181.00



FY06 State Funding

1.	Basic Formula (June 2006)	\$2,118,202.00
2.	Final Basic Formula Recalculation	\$2,143,822.00
3.	Line 14 (June 2006)	\$366,328.00
4.	Final Line 14 Recalculation	\$365,032.00
5.	Exceptional Pupil Aid	\$114,119.00
6.	Gifted Aid	\$0.00
7.	Remedial Reading	\$13,802.00
8.	Fair Share	\$24,413.88
9.	Free Textbook	\$85,991.90
10.	FY06 State Funding (Sum Lines 2, 4, 5 through 9)	<hr/> \$2,747,180.78



Hold Harmless

>350 ADA, hold harmless is:

2005-06 Amount Modified by DVM

2005-06 funding x DVM ÷ 2005-06 WADA



Hold Harmless

≤ 350 ADA, hold harmless is:

the greater of -

2004-05 total state funding from 7 sources

2005-06 total state funding from 7 sources

Includes receipts from:

Basic Formula

Line 14

Exceptional Pupil Aid

Gifted Aid

Remedial Reading

Fair Share

Free Textbook

Higher Amount Modified by DVM



Hold Harmless Calculation

7. Equals State Funding	\$4,408,234.43
8. FY06 State Funding	\$2,747,181.00
13. Dollar Value Modifier	1.025
14. FY06 Modified State Funding (Line 8 x Line 13)	\$2,815,860.30
15. FY06 Modified Per 2005-06 Weighted ADA (Line 14 / 2005-06 Weighted ADA)	\$2,895.1718
16. If Line 12 < Line 15, then district is held harmless:	

Line 12 was \$ 4,371.11

This district is not Hold Harmless



Formula calculation

Total Basic Formula Payment	\$4,408,234
Total Basic Formula Payment (Line 17)	\$4,408,234
Revenue Sources:	
A. Classroom Trust Fund (CTF) (Revenue Code 5319)	\$350,581
B. State Monies (Revenue Code 5311) (Line 17 - CTF)	\$4,057,653





BUDGET



STATUTORY REQUIREMENTS

Statutory Requirements

Section 67.010, RSMo, requires that a budget consist of five items:

- I. A narrative style budget message that describes the important features of the budget and any changes from the preceding year.



Budget Message

- Describes the important features of the budget.
- Is general and unique to each district.
- Explains how the budget was developed, who was involved, and what the school's goals and objectives are in relation to the budget.



Statutory Requirements

II. Estimated revenues by fund and by source, with a revenue comparison to the preceding two years.





Revenue Projections

Classroom Trust Fund (CTF)

- Gaming monies
- Part of revenue available to fund formula
- State funds to districts will show dollars from CTF and dollars from state GR
- Paid on first preceding year ADA



Classroom Trust Fund

- Shall be spent at discretion of local school district
 - For the 2010-2011 school year and for each subsequent year, all proceeds a school district receives from the classroom trust fund in excess of the amount the district received from the classroom trust fund in the 2009-2010 school year shall be placed to the credit of the district'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

2014-2015

June 2014-2015 CTF was \$387.43 per 2013-2014 ADA

Budgeting for 2015-2016

\$405 per 2014-2015 ADA

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



Small Schools Grant

- \$10M distributed equal amount per ADA to Districts with prior year ADA ≤ 350
- \$5M will be distributed to districts with tax rates $\geq \$3.43$ on a tax-rate-weighted ADA basis



Small School Funding Estimate

2014-2015

June 2013-2014 Small Schools was:

- \$10,000,000 portion - \$270.7698 per ADA
- \$5,000,000 portion - \$156.6053 per tax rate weighted ADA

Budgeting for 2015-2016

- \$10,000,000 portion - \$270 per ADA
- \$5,000,000 portion – \$156 per tax rate weighted ADA



Basic Formula Calculation Tool

Located on the School Finance website at:

<http://dese.mo.gov/financial-admin-services/school-finance/calculation-tools>



Proposition C

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



Proposition C

2014-2015

June 2014-2015 Proposition C - \$921.08 per
2013-2014 WADA

Budgeting for 2015-2016

Estimate is \$939 per 2014-2015 WADA

Please bear in mind that the amount appropriated may or may not be the amount actually distributed.



Estimating Local Tax Revenue

Assessed Valuation (AV) divided by 100 times
Tax Levy times Collection Rate (Historic Figure)

(AV	÷	100)	X	_____ . _____	X	_____	=	_____
				Tax Levy		Collection Rate		Local Tax Revenue



Revenue Sources for the Capital Projects Fund


- Existing balances
- Tax rate set in the Capital Projects Fund
- Bond sale proceeds
- Net insurance recoupment for a capital loss
- All money received from the sale of capital assets including real estate, school buildings, other buildings, furniture, and equipment.
- Gifts and grants
- Transfers



Statutory Requirements

- III. Proposed expenditures by fund, activity, and object, with an expenditure comparison to the preceding two years.
- IV. The amount required for payment of interest, principal, and redemption charges on the debt of the district.





ESTIMATING EXPENDITURES

Considerations for Estimating Expenditures

- Prior year expenditures
- Amounts needed to meet departmental budgets
- Policy changes that may influence costs
- Changes in the laws or regulations



Considerations for Estimating Expenditures

- Contractual obligations
- Salaries and related items
- District growth or decline in student population
- Building projects or capital outlay - buy, build, remodel, etc.



Statutory Requirements

V. General budget summary



General Budget Summary

- Includes Assessed Valuation
- Includes the Unadjusted and Adjusted Tax Levies by Fund
- Estimates Beginning, Ending, and Restricted Balances
- Estimates Revenues and Expenditures by Fund
- Estimates Transfers from and to each Fund





BUDGET TIMELINE

February & March

- Preliminary budget estimates of revenues and expenditures should be prepared and distributed to members of the local board of education.
- Preliminary budget hearing should be held by the board. Revisions to the preliminary budget, based upon recommendations of the board of education, should be made following the February meeting.



April

- Revisions to the preliminary budget should be approved by the board of education.
- The tentative tax levy for the next school year should be determined.
- The board of education should cautiously and carefully approach staff salary and personnel increases at this time of year. The board would not want to extend itself beyond what it is capable of funding from local and state sources.



May & June

- End-of-year reports should be prepared.
- Fund balances should be determined and the budget adjusted accordingly.
- The board of education should discuss the tentative tax levy.
- The budget should be formally adopted by the board of education by June 30.



July & August

- The statutory and constitutional compliance checks for the district's tax rate ceiling for operations (SAO Form A) and the establishment of the debt service levy need to be completed and filed with the County Clerk(s) and State Auditor's office.
- The Proposition C rollback should be calculated and subtracted from the tax rate ceiling to determine the adjusted tax rate to submit to the County Clerk(s).



August

- The Board should authorize the preparation of the “Estimate of Required Local Taxes” (Form No. 3-660-160). When completed, this form should be forwarded to the County Clerk(s) no later than September 1. October 1 for charter counties.
- The Annual Secretary of the Board Report must be submitted to the School Finance Section by midnight, August 15.



Budget No-No's

- Do not budget to spend more than you receive unless you are consciously reducing balances. State law prohibits budgeting a negative fund balance in any fund.
- State law requires that a budget amendment be made prior to actual expenditures for a given fund(s) exceeding the officially approved budget for that fund(s).



General Reminders

- The budget amendment should be noted in the board minutes along with the reasons the amendment was made.
- It is not required that a district amend its budget at the end of the year to show actual revenues and expenditures.
- The approved budget is a public document.
- Until a new budget is approved, the approved budget for the preceding fiscal year will regulate the district's business activities.





Tax Rate Information

State Auditor's Office (SAO)

Property Tax Forms

- Located on the SAO website at <http://www.auditor.mo.gov/TaxRates/Index.aspx>
- Single Rate Method – used for all counties other than St. Louis County
- Multi Rate Method – used for St. Louis County
- Questions regarding the completion of these forms should be directed to the SAO at 573-751-4213



Estimate of Required Local Taxes

- Establishes the tax rate to be extended onto the tax books for the calendar year
- One form is sent to each county clerk where the school district has assessed valuation
- Must be filed by September 1 of each year
- Charter counties and the City of St. Louis must file the form must by October 1
- The unadjusted and adjusted levies are reported by fund on this form
- Excel form can be located at <http://dese.mo.gov/financial-admin-services/school-finance/calculation-tools>



District Tax Data

- Collected on Core Data Screen 6
- Should reflect the same unadjusted and adjusted levies by fund as filed with the county clerk on the Estimate of Required Local Taxes
- Should reflect the same tax rate ceiling as approved by the State Auditor's Office



Tax Rate Hearing

- The board of education of a school district must hold at least one public tax rate hearing on the proposed tax rates before setting the tax rates for the school district.
- The board of education determines the time and place for such hearing.



Notice of Tax Rate Hearing

- Notice must be published or posted at least seven days prior to the date of the hearing.
- Notice must state the hour, date and place of the hearing.
- Notice shall be published in at least one newspaper qualified under the laws of Missouri of general circulation in the county in which the largest portion of the district is situated OR posted in at least three public places within the school district.



Notice shall include

- The assessed valuation by category of real, personal and other tangible property in the school district for the fiscal year for which the tax is to be levied (current fiscal year) and for the preceding taxable year
- The amount of revenue required to be provided from the property tax for each rate to be levied as set forth in the district's annual budget and
- The tax rates proposed to be set for the various purposes of taxation.
- Each political subdivision shall also include the increase in tax revenue due to an increase in assessed valuation as a result of new construction and improvement in the increase, both in dollar value and percentage, in tax revenue as a result of reassessment if the proposed tax rate is adopted.



Following the hearing

The board of education of the school district shall set the rates of taxes to be extended onto the tax book.





Calendar

School Calendar Options

1. A traditional calendar may be adopted which requires the school board to provide a minimum term of at least 174 days and 1,044 hours of instruction, 171.031.1, RSMo
 - a. Minimum required hours in a school day of 3 hours per Section 160.041.1, RSMo
 - b. Maximum possible hours in a school day of 7 hours per Section 171.031.7, RSMo
2. A calendar of less than 174 days may be adopted by the school board that provides a minimum of at least 1,044 hours of instruction, 171.029.1, RSMo
 - a. Minimum required hours in a school day of 4 hours per Section 160.041.1, RSMo
 - b. Maximum possible hours in a school day of 8 hours per Section 171.031.7, RSMo



School Calendar Options

3. A calendar of 142 days (four days per week) may be adopted by the school board that provides a minimum of at least 1,044 hours of instruction, 171.031.1, RSMo
 - a. Minimum required hours in a school day of 4 hours per Section 160.041.1, RSMo
 - b. Maximum possible hours in a school day of 8 hours per Section 171.031.7, RSMo



School Calendar

- There is a day requirement
 - Three calendar options that have been discussed
 - Districts cannot operate under hours only
- Districts will report the planned calendar to the department by August 15 of each year
- Once the type of calendar has been established by the district the number of days of planned attendance can't be changed
- Districts planned calendars will be used when determining if a district has gone the required number of days in a year



School Calendar

- A school day ending before the minimum required hours on class time does not count toward the day requirement and the hours do not count toward the 1,044 hour requirement
 - The day is not a legal day
 - The hours and day do not count for state aid purposes
 - Hours are not reported as a part of the school district's calendar and the attendance hours are not reported for the ADA calculation for state aid purposes





QUESTIONS?

