

Administrative Memo

Date: June 1, 2020
To: School Administrators and Finance Administrators
From: Roger Dorson, deputy commissioner, Financial and Administrative Services
Subject: FAS-20-005 – Additional FY20 Budget Restrictions

The economic hardships brought about by the COVID-19 pandemic have caused a dramatic revenue shortfall for the state of Missouri. Across the state, approximately \$500-\$700 million must be cut or restricted, on top of the cuts and restrictions already announced.

On June 1, 2020, Governor Parson announced a total of \$131.3 million in restrictions for the Department of Elementary and Secondary Education (DESE) for June 2020. Those restricted amounts and additional details are listed below.

Foundation Formula – \$123,358,675

School districts will receive approximately 96.5% of their Foundation Formula funding for the fiscal year, based on a full State Adequacy Target of \$6,375. The timing of the shortfalls, however, will cause the majority of the reduction to be reflected in the June payment. At the full funding level, the amount that would have been distributed to school districts in June would have been approximately \$315 million. With these withholds, the June payment will be reduced to \$193 million, a 39% decrease.

Governor Parson has waived [Section 163.031.7, RSMo](#). This statute grants some school districts a “hold harmless” status and allows them to not be affected by a budget shortfall. The waiver of this statute means hold harmless districts are not exempt from these withholdings; all local education agencies (LEAs), including charter schools, will share proportionately in this budget shortfall.

Although the Foundation Formula funds are being restricted, any funds acquired through gaming revenues when casinos reopen in June will be added to the June payment to school districts.

Transportation – \$7,202,365

No transportation payment will be made to districts or charter schools in June. These June restrictions will reduce the FY20 appropriation from \$107,547,713 to \$93,245,348. Adding this to previously announced transportation restrictions, districts will now receive about 13% less transportation funding than was appropriated for FY20.

Performance Based Assessment Program – \$730,000

This money is being withheld because statewide assessments were not administered in spring 2020.

Missouri public schools must plan for a year or two of tight budgets, as the State of Missouri waits for the economy to recover from COVID-19. We know this means school leaders will be forced to make difficult choices in the coming months. Please contact DESE’s School Finance section at 573-751-0357 or finadmgo@desemo.gov with questions.