David Tramel, coordinator
School Financial and Administrative Services

Tammy Lehmen, coordinator, School Finance

School Finance & Governance Topics

New Administrators
March 2020
Topics

• Budget
• PK Funding
• Annual Secretary of the Board Report & Coding Requirements
• Calendar Requirements
• Inclement Weather
• 1% PDC Spending Requirement
• Residency
Budget
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.

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

- Cont’d:

  III. Proposed expenditures by fund, function and object, with an expenditure comparison to the two preceding years.

  IV. The amount required for payment of interest, principal and redemption charges on the debt of the district.

  V. General budget summary.
Budget – Estimated Revenues
FY 2020 and FY 2021 Budget Outlook

• Basic Formula
• Classroom Trust Fund
• Prop C
• Small Schools Grant
• Transportation
Estimating Revenues

- Past revenues received
- Budget estimates provided by DESE
- Program/statutory changes
- Enrollment changes
- Assessed valuation and changes in local wealth
Basic Formula Budget Estimate
SAT, DVM and Threshold Percentages

State Adequacy Target (SAT) = $6,375

Dollar Value Modifier (DVM) for can be viewed at
http://dese.mo.gov/financial-admin-services/school-finance/data-reports

Threshold percentages

<table>
<thead>
<tr>
<th></th>
<th>FY 2019 &amp; FY 2020</th>
<th>FY 2021 &amp; FY 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free &amp; Reduced-Price Lunch</td>
<td>31.42%</td>
<td>29.45%</td>
</tr>
<tr>
<td>Special Education (IEP)</td>
<td>12.06%</td>
<td>12.83%</td>
</tr>
<tr>
<td>Limited English Proficiency (LEP)</td>
<td>2.50%</td>
<td>2.07%</td>
</tr>
</tbody>
</table>
Statute dictates that a recalculation of the prior year payment calculations will be performed.

- Typically calculated in November and May.

<table>
<thead>
<tr>
<th>Fiscal Years</th>
<th>FWADA Change</th>
<th>SAT Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3,695.8726</td>
<td>-24.4427</td>
</tr>
<tr>
<td>2017</td>
<td>3,310.4344</td>
<td>-22.2549</td>
</tr>
<tr>
<td>2018</td>
<td>2,982.8180</td>
<td>-23.0599</td>
</tr>
<tr>
<td>2019</td>
<td>2,626.9990</td>
<td>-16.9302</td>
</tr>
</tbody>
</table>

As of the February 2020 Payment
Classroom Trust Fund, Prop C & Transportation Estimates
Classroom Trust Fund is one funding source of Basic Formula.

- Be careful not to double budget

Total Basic Formula (Line 17) = Classroom Trust Fund (5319) + Other State Monies (5311)
*As of the February 2020 payment cash is running around 8 million short of the appropriation.
FY 2021 Classroom Trust Fund

$353,359,579
Governor's Budget

$428 Per ADA

825,580 ADA

Exact funding level is unknown until DESE’s budget is passed
The state can only distribute funds actually collected

- Appropriated level may not be reached
The state can only distribute funds actually collected (may or may not reach the appropriated level).

$958,400,000 \div 913,246 = \$1,049\text{ per WADA}$
FY 2021 Prop C

$972,900,000
Governor's Budget

+ 913,246

= $1,065 per WADA

Exact funding level is unknown until DESE’s budget is passed
Prop C

The state can only distribute funds actually collected

- Appropriated level may not be reached
Small Schools Grant

To qualify for the Small Schools Grant, district’s prior year ADA must be $\leq 350$

- $\text{\$10M}$ distributed equal amount per ADA to districts with prior year ADA $\leq 350$

- $\text{\$5M}$ will be distributed to districts with tax rates $\geq \$3.43$ on a tax-rate-weighted ADA basis
FY 2020 Small Schools Grant

$10,000,000 + 35,728 2019 ADA = $279 per ADA
FY 2021 Small Schools Grant

$5,000,000 portion

- Paid on tax rate weighted ADA
- Uses current tax rate (General & Teachers Fund)
  - Levy since 2009 greater than or equal to $3.43 and now fell held at $3.43
- $149.8690 per tax rate weighted ADA
Transportation is paid on the prior year’s ASBR data.

$102,547,713 Appropriation

32.76% of eligible transportation cost
Transportation is paid on the prior year’s ASBR data.

- $117,547,713 Governor's Budget
- 35.75% of eligible transportation cost
- 3% increase
Transportation Funding Estimate

Allowable transportation cost is 75% of eligible cost.

- Line 50 of the District Summary Transportation Report
- Line 52 Adjusted for Appropriation Available.

Exact funding level is unknown until DESE’s budget is passed.
Other Revenue Sources
Estimating Local Tax Revenue

Assessed Valuation (AV) ÷ 100 × Tax Levy × Collection Rate (Historic Figure)

Contact your county assessors for information related to changes in assessed valuation.
**Potential Revenue Sources By Fund**

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Teachers Fund</th>
<th>Debt Service Fund</th>
<th>Capital Projects Fund</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Tax Revenue</td>
<td>Allowable Transfers</td>
<td>Local Tax Revenue*</td>
<td>Allowable Transfers</td>
<td></td>
</tr>
<tr>
<td>State Revenue</td>
<td>State Revenue</td>
<td>State Revenue</td>
<td>Local Tax Revenue*</td>
<td></td>
</tr>
<tr>
<td>Federal Revenue</td>
<td>Local Tax Revenue*</td>
<td></td>
<td>Bond Proceeds</td>
<td></td>
</tr>
<tr>
<td>Gifts/Donations</td>
<td>Federal Revenue</td>
<td></td>
<td>Gifts/Donations</td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td></td>
<td></td>
<td>Sale of Assets</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>State Revenue</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Federal Revenue</td>
<td></td>
</tr>
</tbody>
</table>

*If the board sets a levy in the fund.
Budget Information and Resources

Revenue estimating tools for basic formula revenue are found at http://dese.mo.gov/financial-admin-services/school-finance/calculation-tools

• Basic Formula Calculation Tool for All Districts
• Information needed can be found
  - On the payment transmittal
  - Data collection
Estimating Expenditures
# Potential Expenditures By Fund

<table>
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<th>Debt Service Fund</th>
<th>Capital Projects Fund</th>
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</thead>
<tbody>
<tr>
<td>Salaries/Benefits</td>
<td>Salaries/Benefits</td>
<td>Principal Payments</td>
<td>Principal Payments</td>
</tr>
<tr>
<td>Purchased Services</td>
<td></td>
<td>Interest Payments</td>
<td>Interest Payments</td>
</tr>
<tr>
<td>Utilities</td>
<td></td>
<td>Fee Payments</td>
<td>Fee Payments</td>
</tr>
<tr>
<td>Supplies</td>
<td></td>
<td></td>
<td>Capital Outlay</td>
</tr>
<tr>
<td>Allowable Transfers</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Budget Information and Resources

Finance Topics & Procedures
http://dese.mo.gov/financial-admin-services/school-finance/finance-topics-procedures

School Finance Memos

The State Auditor’s Office Tax Rate Calculation
https://auditor.mo.gov/property-tax-calculators

Proposition C Rollback Calculation & Estimate of Required Local Taxes
http://dese.mo.gov/financial-admin-services/school-finance/calculation-tools
Prekindergarten Students
Claimed for State Aid
All districts and charter schools have the ability to claim a limited number of prekindergarten students for state aid.

- The **total number of PK students** that the district's/charter school's calculation of average daily attendance can include **shall not** exceed 4% of the total number of pupils who are eligible for free and reduced price lunch between the ages of five and eighteen who are included in the district's or charter school's calculation of average daily attendance.
PK Students Claimed for State Aid

More information can be found on the School Finance, Finance Topics and Procedure website:
https://dese.mo.gov/financial-admin-services/school-finance/finance-topics-procedures
Recording Revenue and Expenditures
Revenue and expenditures must be coded in accordance to the Missouri Financial Accounting Manual.

Revenue Code Structure

- Fund Type: 1 to 3 Digits
- Revenue Code: 4 Digits
- Location Code: 4 Digits
- Project Code: 5 Digits (Not Mandatory)
- Dollar Amount: 14,2
Revenue and expenditures must be coded in accordance to the Missouri Financial Accounting Manual.

**Expenditure Code Structure**

- **Fund Type**: 1 to 3 Digits
- **Function Code**: 4 Digits
- **Object Code**: 4 Digits
- **Location Code**: 4 Digits
- **Source of Funds**: 1 Digit
- **Project Code**: 5 Digits
- **Dollar Amount**: 14,2
Expenditures must be recorded by
• source of funds
• location (if applicable)
• project code (if applicable)

Current expenditures by building by source of funds is now on the district’s/charter school’s report card.
Recording Revenue & Expenditures

Reporting expenditures at a building level.

- If program spans multiple buildings determine how cost will be prorated.
  - By students enrolled in the program
  - By students enrolled in each building
  - By employee time spent in each building
Determine the appropriate building under which to report the expenditures.

- Building Level Current Expenditures are calculated using September Membership.
- Ensure the building you are recording cost to for a program also has the September Membership.
Recording Revenue & Expenditures

Use the data.

• Learn from the data.
• Review what was reported in FY 2019.
  - What has the district done right?
  - Anything that the district could have done better?
Calendar Requirements
Calendar

• Hour requirement of 1,044 hours.
  - Must plan no less than 1,044 hours
  - Must plan 36 weather make-up hours in addition to the 1,044
  - There is no longer a minimum and maximum day length.
Do not go less than 1,044 hours unless forgiven by weather.

- Inclement weather is defined as ice, snow, extreme cold, excessive heat, flooding or a tornado.
- Only allowance to fall below 1,044 hours is to:
  - Make-up the first 36 inclement weather hours and half the number of additional lost or cancelled hours up to 48, resulting in no more than 60 total make-up hours required by the statute.
Increasing the hours-in-sessions does not increase ADA.
Calendar

FY 2021 – Alternative Method of Instruction

- School lost or cancelled due to exceptional or emergency circumstances during a school year which shall include, but not be limited to, inclement weather, a utility outage or an outbreak of a contagious disease.

- DESE must approve the plan.
  - Up to 36 hours during the school year.
  - These are considered hours of instruction.

- Hours that are missed for reasons other than inclement weather, such as illness, have to be made up and are not included in this provision of law unless provided under an approved alternative method mentioned above (limited to 36 hours).
1% PDC Expenditure Requirements
1% PDC Expenditure Requirements

FY 2018-19 though FY 2023-24

• Normally required to spend 1% of formula monies on PDC.
• If Transportation Aid falls below 25% of allowable costs (currently at 19%)
  - Board can vote to place less than 1% of your formula monies into the professional development committee (PDC) budget.
  - Cannot place less than one-half of one percent of the formula monies into PDC budget.
• Must spend no less than 75%.
  - remaining amount must be restricted and carried forward.
Residency
Residency

Establishing Residency

- Student must reside in the district to be claimed for state aid.
- A district’s regular employee’s children can be considered resident students and can be claimed for state aid.
- Foster Care or Homeless students can attend their original district or the one in which they now reside.
Residency Checklist

- Rental contract
- Real estate contract signed by all parties
- Utilities bill/deposit receipt
- Other (payroll check, driver’s license, W-4, employment documents)
- Required if parent or legal guardian’s residency is questioned
# Contact Us

<table>
<thead>
<tr>
<th>Name &amp; Email</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>David Tramel</strong></td>
<td>Coordinator, Financial and Administrative Services</td>
</tr>
<tr>
<td><a href="mailto:David.Tramel@dese.mo.gov">David.Tramel@dese.mo.gov</a></td>
<td></td>
</tr>
<tr>
<td><strong>Tammy Lehmen</strong></td>
<td>Coordinator, School Finance</td>
</tr>
<tr>
<td><a href="mailto:Tammy.Lehmen@dese.mo.gov">Tammy.Lehmen@dese.mo.gov</a></td>
<td>Contact for districts in counties 048 &amp; Kansas City Charters, 055-079</td>
</tr>
<tr>
<td><strong>Debra Clink</strong></td>
<td>Student Transportation Manager</td>
</tr>
<tr>
<td><a href="mailto:Debra.Clink@dese.mo.gov">Debra.Clink@dese.mo.gov</a></td>
<td>Contact for districts in counties 080-115 &amp; St Louis Charters</td>
</tr>
<tr>
<td><strong>Sharon Bax</strong></td>
<td>School Finance Consultant</td>
</tr>
<tr>
<td><a href="mailto:Sharon.Bax@dese.mo.gov">Sharon.Bax@dese.mo.gov</a></td>
<td>Contact for districts in counties 001-047 &amp; 049-054</td>
</tr>
</tbody>
</table>