

# School Finance

## Monthly Newsletter

### April 2014

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#### April Foundation Payment Calculation

The April Basic Formula payment, including Classroom Trust Fund, was calculated using the most current data available as reported by the district to DESE. It is important that the district compare DESE's calculations with those generated by the district. Please call or email School Finance at (573) 751-0357 ([finadm.gov@dese.mo.gov](mailto:finadm.gov@dese.mo.gov)) with questions or concerns about the district's calculations.

#### Beginning with the 2013-2014 School Year the Following Provisions are Reinstated

- **Professional Development (1%) Money** - Section 160.530.1, RSMo, requires districts to spend one percent (1%) of the Basic Formula monies (based on Line 17B of the district's June Basic Formula calculation) for professional development committee expenditures. A minimum of seventy-five percent (75%) of one percent (1%) of the current year's Basic Formula current apportionment must be spent in the year received for purposes determined by the Professional Development Committee and identified in the professional development plan in relation to a school improvement plan. This is completely separate from professional development funded by grants or that may be required by other programs such as title programs. Expenditures should be recorded to Function Code 2214. Any portion of the other twenty-five percent (25%) of the one percent (1%) not expended during the year must be shown as a part of the restricted fund balance on June 30.
- **Fund Placement and Expenditure Requirements** - Section 163.031, RSMo, requires districts to follow specific placement requirements for School District Trust Fund (Proposition C), Basic Formula – State Monies, and Transportation revenues. Specific placement requirement details can be located in the Missouri Financial Accounting Manual at [http://dese.mo.gov/divadm/finance/acct\\_manual/documents/sf-ERevenueObjectCodeDescriptions.pdf](http://dese.mo.gov/divadm/finance/acct_manual/documents/sf-ERevenueObjectCodeDescriptions.pdf).
- **Certificated Salary Compliance** -The **certificated salary compliance provision will be reinstated in the 2015-2016** school year with the 2013-2014 school year being the base year for this calculation.

#### Attendance Recovery

There is no allowance in state statute that would allow for the make-up of attendance hours. A school district may require a student to make-up time for excessive absences; however, this does not allow the district to count those hours as attendance hours for the student.

#### Attendance Reporting

For guidance regarding various attendance reporting scenarios please refer to the School Finance website at <http://dese.mo.gov/divadm/finance/topicsandprocedures/documents/AAttendanceReporting.pdf>.

## Estimated Regular Term Average Daily Attendance (ADA)

The estimated regular term ADA for 2013-14 may be provided to your School Finance Consultant to be entered on the August Core Data, Data Collection Screen 2 in the Estimated ADA field. The district would report an estimated regular term ADA for the **2013-2014** year *only if the district's 2013-14 regular term ADA is expected to be greater than both the 2011-12 and 2012-13 regular term ADA figures* and the district wants to be paid in 2013-14 on the 2013-14 estimated number. Regular term average daily attendance includes qualified remediation attendance outside the regular school day. Refer to the Finance website at <http://dese.mo.gov/divadm/finance/topicsandprocedures/documents/sf-AAttendanceReporting.pdf> for the description of qualified remediation attendance.

The local education agency (LEA) charter schools must provide an estimated regular term ADA to their School Finance consultant for 2013-14. Payment is made to charter schools on current year attendance.

A new worksheet to assist districts when estimating their ADA is available at <http://dese.mo.gov/divadm/finance/tools/>.

Revisions to the 2013-14 estimated ADA may be made through **May 15, 2014**. Contact School Finance staff if you have questions about estimating ADA.

## Minimum Salary Requirements

The minimum teacher's salary is \$25,000 and the minimum salary for a full-time teacher with a master's degree with at least ten years public teaching experience is \$33,000.

All teachers are to receive at least their FTE proration of the applicable state minimum salary. Teachers include study hall teachers, in-school suspension teachers, and all others for whom the students' hours are included in the average daily attendance calculation for state aid. Substitute teachers filling a regular classroom teacher's position as the teacher of record for the class must be paid the minimum salary.

The penalty for noncompliance with the minimum salary requirements of Section 163.172, RSMo, is stated in Section 163.021.3, RSMo. The statutory penalty for noncompliance is a reduction of the Basic Formula to the 1993-94 amount per eligible pupil. Therefore, it is important that each district ensures compliance with the minimum salary requirements. Questions on specific situations may be directed to the School Finance staff at 573-751-0357.

## Non-certificated Educators – Attendance Hours Adjustment

Attendance hours for any educator without a valid certificate will be disallowed for state aid payment purposes. State law requires all school district personnel who are responsible for working with students in an instructional or supervisory capacity during the school day to have a valid Missouri teaching certificate. This applies to in school suspension teachers as well as those supervising recess, study hall and virtual courses taken in school or other computer based instructional programs taken in school. A substitute certificate meets the requirement of a certificate when the employee is functioning as a substitute teacher in the absence of the teacher of record or is employed as the teacher of record.

A report is available on the Data Collection web application system which will identify educators within the district that do not have a valid certificate on file with the Department of Elementary and Secondary Education. To access this report in the Data Collection system, select report on the left hand navigational menu, then Special Reports, then Staff Certification.

School districts must then exclude the hours of attendance for all students who were under the supervision of those non-certified educators during that fiscal year.

At the end of the 2013-14 year, DESE will prepare a list of educators meeting the following criteria:

1. did not hold a valid Missouri educator certificate at any point in time between July 1, 2013 and July 1, 2014; or
2. has a certificate pending but did not initiate the required background check prior to June 30, 2014.

School districts must provide School Finance with the attendance hours by building and by grade for all students who were under the supervision of those educators since the educator did not have a valid certificate, these hours of attendance will be excluded from the total hours of attendance for the school year.

## 2013-2014 Annual Secretary of the Board Report (ASBR) Updates

Several changes have been made to the 2013-2014 ASBR. These updates are listed on the School Finance website at <http://dese.mo.gov/divadm/finance>, click on "Annual Secretary of the Board Report (ASBR)".

## 2013-14 Audit Schedule of Selected Statistics

A copy of the 2013-14 Schedule of Selected Statistics that is to be included in the 2013-14 audit report is available on the web at <http://dese.mo.gov/divadm/finance/newadmin/ScheduleofSelectedStatistics.html>. The district should print and keep a copy as a reference when it reviews the 2013-14 audit report prior to submitting the audit report to DESE. The district is encouraged to compare the information the auditor reports on this Schedule to the data the district submitted through MOSIS, on Core Data, the Annual Secretary of the Board Report, or other reports and resolve any differences prior to submitting the audit report to School Finance.

## Audit Requirement Changes

New requirements released by the Office of Management and Budget (OMB) Supercircular include increasing the threshold requirement for a single audit from \$500,000 to \$750,000. These requirements will become effective for school years that begin after December 26, 2014. Therefore districts/charter schools that expend more than \$750,000 in federal funds in **school year 2015-2016** must contract with an independent auditor to perform a Single Audit of federal funds. Please view the new OMB Supercircular guidance that was effective December 26, 2013 at <https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards>. Please read "**Subpart F**" of the OMB Supercircular for all of the new audit requirements for the **school year 2015-2016** and beyond audit reports. The Audit Rule will be updated and additional guidance provided at a later date.

## Missouri Accountability Portal (MAP) – Debt Reporting

House Bill 116 was passed by the General Assembly and became law on August 28, 2013. The new legislation in 37.850, RSMo requires school districts to report all bonded indebtedness and requires charter schools to report all debt. This information shall be supplied to Office of Administration (OA) for display on the State's Accountability Portal.

If a school district issues new bonds or a charter school enters into debt obligations the new debts are required to be entered onto the portal within seven days of issuing a bond or incurring an obligation or debt per section 37.850, RSMo.

A user link for the portal is available on the main page at <http://mapyourtaxes.mo.gov/MAP/Bonds/HomePage.aspx>. In order to submit information, an entity will need to visit the portal website and obtain a secure user name and password. The user name and password can be created by selecting "create account" on the right hand side of the screen. Once credentials are granted, a user may enter the site to enter or update bond or debt information.

Most of the required fields on the reporting tool are self explanatory; however, there have been questions regarding a couple of the fields. The description of the revenue stream is generally something such as revenue generated from a levy that was established, Classroom Trust Fund revenue or local revenue, this list is not an all inclusive list but provides a general idea as to what would seem to be an appropriate response. The description of the project would be a description of what the project was, for example, a building project.

If you have questions regarding accessing the portal website, please contact OA at (573) 751-2971 or [MAPBonds@oa.mo.gov](mailto:MAPBonds@oa.mo.gov). For questions regarding what debt should be entered on the portal please do not hesitate to contact School Finance at (573) 751-0357.

## SCHOOL GOVERNANCE

### Boundary Change

If there is a change in your school district's boundary following the April election, please send a copy of the ballot with the legal description of the boundary change to the School Financial and Administrative Services Section.

**Architectural and Engineering Services**

From time to time school districts have questions about the required use of an architect or engineer for a construction project. A good source of information is the Division of Professional Registration at the Department of Insurance, Financial Institutions and Professional Registration, at 573-751-0047.

**SCHOOL TRANSPORTATION**

**2013-14 State Transportation Aid Calculation**

The fiscal year 2013-14 state transportation aid calculation is available through the School Finance website. Select Monthly Financial Reports. Then input the district’s County-District number. The Payment Transmittal is then displayed. Click on the revenue name “Transportation” on the Payment Transmittal to access the transportation aid calculation. The link to School Finance Monthly Financial Reports is <http://dese.mo.gov/divadm/finance/FinancialRpt.html>.

This is the eighth live state transportation calculation made for the current year. The calculation is based on 2012-13 school year data submitted by the district on the state transportation aid documents included in Part IV of the Annual Secretary of the Board Report (Application for State Transportation Aid, School Bus and Facility Depreciation Schedules).

The percent of reduction to the calculated entitlement computed for the April 2014 calculation is shown below. This reduction percentage represents the amount the entitlement exceeded the appropriation and will fluctuate from month to month as revisions are made to individual school district data. The percent of reduction and the A and B factors are also reflected on each district’s Summary Transportation Report.

The percentage reduction and the A and B factors are as follows:

	<u>Reduction Factor</u>	<u>A Factor</u>	<u>B Factor</u>
April 2014	64.751167	3.437523	-1.426740

**2014-15 Transportation Budget Estimate**

The 2014-15 Governor’s budget recommendation is \$115,297,713 and House Bill 2 for the transportation appropriation is \$125,297,713, an increase of \$15 million and \$25 million respectively from the 2013-14 appropriation.

**Stop Arm Violation Survey**

While school buses remain incredibly safe, we all know that students who ride buses are most vulnerable when they are outside the bus in the “danger zone.” Missouri is assisting the National Association of State Directors of Pupil Transportation Services (NASDPTS) in coordinating a national survey to determine the prevalence of illegal passing of school buses. That data will help improve safety countermeasures at the state or national level.

We requested your assistance in this important project via an email on March 25 to all school transportation contacts. On Wednesday, April 9, 2014, you were asked to have your drivers observe and report any instances of motorists illegally passing their school buses. The results need to be submitted to the National Association of State Directors of Pupil Transportation Services by April 30, 2014 via the following link: <https://www.surveymonkey.com/s/2014LOCALStopArmsSurvey>.

**Certified School Bus Driver Instructor Training**

The Certified School Bus Driver Instructor recertification training will be held in Columbia on July 18, 2014. The Certified School Bus Driver Instructor workshop is scheduled for July 23-25, 2014, in Warrensburg. Registration forms for this training are available at <http://dese.mo.gov/divadm/trans/BusDrivers.htm>, a listing of all current Certified School Bus Driver Instructors can also be viewed at this site.

### Non-Conforming Van Use

Since July 1, 2001, any vehicle that transports 11 or more passengers including the driver that is newly purchased, leased, or contracted must be a school bus and meet all Missouri Minimum Standards for School Buses as well as all Federal Motor Vehicle Safety Standards for School Buses (with the exception of motor coaches). Note the statement “that transports 11 or more passengers including the driver” refers to the rated capacity of the vehicle not the number of seats currently in the vehicle.

*A school district cannot purchase, contract, or rent 12/15/17 passenger vans for the transportation of school children.*

### MAPT Poster Contest and Award Nominations

The Missouri Association for Pupil Transportation has posted forms for the School Bus Safety Poster Contest, School Transportation Administrator of the Year Award, Distinguished Service Award, and the School Bus Driver of the Year Award on the website at <http://moapt.org/awards.html>.

For more information contact Shirley Francis, Executive Director, Missouri Association for Pupil Transportation, at (314) 541-9557 or [sfrancis04@aol.com](mailto:sfrancis04@aol.com).

### School Bus Aisle Blocking

State Board of Education Rule 5 CSR 30-261.010 requires that school bus aisles not be blocked. As your district makes field trips and activity trips this spring, please ensure that all school bus drivers know and adhere to this rule. The aisles must be free of any obstruction so the bus, if needed, could be evacuated quickly without difficulties caused by the aisles being blocked by trash cans, coolers, book bags, band equipment, or other items.

### Pre-Trip Inspection Requirement

5 CSR 30-261.010.1.K states “Boards of education shall require operators of school buses to conduct and prepare a record of the daily pretrip inspection for each school district.” Additionally, 5 CSR 30-261.010.3.A.3 requires that school bus drivers: “Perform and prepare written documentation of the daily pretrip inspection which is to be submitted to the transportation administrator. Pretrip inspection of vehicles shall include brakes, steering components, lights, signaling devices, emergency door, tires and safety equipment, as a minimum. Any defects or deficiencies that may affect the safety of vehicle operation or result in mechanical breakdown shall be reported immediately in writing and driver shall not operate school bus until the defect or deficiency has been corrected ...”

Please make sure that the school bus drivers in your district are performing the above required daily pre-trip inspection.

# Deputy Commissioner's Comments

### Revenue Trends YTD

	<u>YTD as of February FY12</u>	<u>YTD as of February FY13</u>	<u>Revenue Change</u>	<u>% Change</u>
Individual Income Taxes	\$4,210,000,000	\$4,320,000,000	\$110,000,000	2.61%
Sales & Use Taxes	\$1,410,000,000	\$1,450,000,000	\$40,000,000	2.84%
Corporate Inc. & Franchise	\$315,800,000	\$346,300,000	\$30,500,000	9.66%
Other Collections	\$338,600,000	\$283,000,000	(\$55,600,000)	-16.42%
 Increase in Revenue YTD			 <b>\$124,900,000</b>	 <b>1.99%</b>
 Refunds (YTD)	 \$798,900,000	 \$834,400,000	 \$35,500,000	 4.44%
(A decrease in refunds enhances New Revenue. An increase in refunds diminishes Net Revenue.)				
 Actual Net Revenue Status YTD	 \$5,475,500,000	 \$5,564,900,000	 <b>\$89,400,000</b>	 <b>1.63%</b>

<b>Adjusted FY14 Revenue:</b>	\$5,435,500,000	<b>\$129,400,000</b>	<b>2.38%</b>
This information reflects the comparison of net revenue after an adjustment due to a one-time receipt of a \$40,000,000 mortgage settlement to Missouri that was posted July 2012 in Other Revenue.			

### Gaming Revenue YTD

	<u>Current Year</u>	<u>Prior Year</u>	<u>% Change</u>
Total Gaming Proceeds to Education	\$234,575,354	\$247,995,230	-5.40%
 Gaming Revenue Appropriated	 \$375,395,340		
Percentage of Budget Year Reflected YTD			75.00%
Percentage of Appropriation Realized YTD	(\$10 M Unclaimed Lottery Included in Calculation)		62.49%

1. **General Revenue Trend:** The rate of growth in total General Revenue collections continues upward at a less than robust rate than had been hoped for during FY14. You are urged to continue to monitor this information during April, May, and June. By doing so, you will be better able to make projections as to the eventual revenue collections for FY15 that will ultimately be available for distribution to schools.
  
2. **Gaming Revenues:** As you will note from the above data, the trend for Gaming Revenues in Missouri continues to fail to meet projections as has been the case for the past few years. Again, you are urged to continue to monitor the flow of these funds from month to month.
  
3. **FY14 Supplemental Budget:** To partially address a portion of the Gaming Revenue shortfall, the General Assembly passed a \$22 million supplemental appropriation for FY14, and it has been approved by the Governor. This amount however, was less than had been requested. Below is a breakdown of the original request that had been made by the budget office to meet projected shortfalls:

County Foreign Insurance	\$ 8,300,182
Fair Share and Cigarette Tax	\$ 607,306
Riverboat Gaming	\$22,195,340
Lottery Proceeds	<u>\$12,960,965</u>
 Total	 \$44,063,793

These funds will help close the gap on the \$3.075 billion appropriation for the current year, but will not be sufficient to assure the \$3.075 billion appropriation to the formula will be met. The department had planned to make a distribution of a portion of those funds in a second formula payment in April. We regret that we will be unable to accomplish that goal in April due to time frame constraints. An adjustment will be in the May payment that will reflect an infusion of funds made available through the supplemental budget and should increase the percentage adjustment in a positive direction.

4. **FY15 Budget:** The Senate is currently working on the appropriations bill that was passed in the House. Conjecture at this point serves little purpose as the work moves forward at this time in that body. Once the bill moves to the floor it will be subject to the amendment process, and once it is voted out will most likely go to a conference committee. Upon completion of this process, we will be able to analyze and make better predictions relative to formula payments for next year.
5. **School Bond and Levy Issues:** On April 8 we have confirmed that voters in Missouri went to the polls to decide sixty-nine separate bond or levy issues, of those fifty-three were approved which is 76.8%. While some districts did not accomplish their objective on that day, the overwhelming number did. Given the variance in size of districts, local wealth differences, broad geographic representation, and overall percentage of favorable votes cast, April 8 was a day that reaffirmed the general support that Missourians have for their public schools.

It is hard to believe that the school year is winding down so rapidly. By the time the May memo is posted most school districts with have already held their commencement exercises. Graduation from high school continues to be one of the most important events held within communities across our state. To me these ceremonies represent our societies continued affirmation in the belief that the *American Dream* is truly within the reach of all our young citizens.

Our best wishes go with all our students who have come to this point in their lives due to the combined help of their parents, teachers, school staff, extended families, churches, communities, and all others who have made a positive difference. It is my hope that each of our students will move forward in their lives with hope and the determination to advance their communities, state and nation in these challenging times. May we always take seriously the opportunities we have to help enrich the lives of all the young people with whom we work. They are our future!

Best wishes,



Ronald Lankford

## School Finance

P.O. Box 480  
205 Jefferson Street  
Jefferson City, MO 65102  
Phone # (573) 751-0357  
Fax # (573) 526-3897

<http://dese.mo.gov/divadm/finance/>



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