

School Finance

Monthly Newsletter

April 2015

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April Foundation Payment Calculations

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 (finadmgo@desemo.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 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://desemo.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.

Estimated Regular Term Average Daily Attendance (ADA)

The estimated regular term ADA for 2014-15 may be provided to your School Finance Consultant to be entered on the August Core Data WEB Screen 2 in the Estimated ADA field. The district would report an estimated regular term ADA for the **2014-15** year *only if the district's 2014-15 regular term ADA is expected to be greater than both the 2012-13 and 2013-14 regular term ADA figures* and the district wants to be paid in 2014-15 on the 2014-15 estimated number.

The local education agency (LEA) charter schools must provide an estimated regular term ADA to their School Finance consultant for 2014-15. Payment is made to charter schools on current year attendance.

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 teaching 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 study hall, recess, 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, go to the left hand navigational tree and select Reports, then Special Reports, then Staff Certification.

The Department will prepare a list of educators meeting the following criteria:

1. did not hold a valid Missouri educator certificate for the Regular School year teaching assignment or;
2. has a certificate pending but did not initiate the required background check.

School districts notified they have an educator(s) that met the above criteria 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.

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 Attendance Reporting document on the School Finance website at <http://dese.mo.gov/financial-admin-services/school-finance/finance-topics-procedures>.

2014-2015 Annual Secretary of the Board Report (ASBR) Updates

Several changes have been made to the 2014-2015 ASBR. These updates are listed on the School Finance web page at <http://dese.mo.gov/financial-admin-services/school-finance/annual-secretary-board-report-asbr>.

2014-2015 Audit Schedule of Selected Statistics

A copy of the 2014-15 Schedule of Selected Statistics that is to be included in the 2014-15 audit report is available on the web at <http://dese.mo.gov/financial-admin-services/school-audits>. The district should print and keep a copy as a reference when it reviews the 2014-15 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.

Audit Requirement Changes

On December 19, 2014, the Federal Government combined the OMB Circulars and issued new guidance for federal awards, OMNI Circular 2 CFR Part 200.

This new guidance will be **effective on July 1, 2015 (2015-2016 School year)** for school districts and charters and the FY16 audit reports. A few of the major changes in this new guidance relating to audit engagements are listed below:

1. The amount of federal expenditures required to obtain a single audit has increased to \$750,000 from \$500,000. (§200.501)
2. Additional clarification on the auditor selection process for districts and charters. If the Districts or Charters board policy is more restrictive than this new guidance use the policy, but if it is not, use this policy for auditor selection. In procuring audit services, the auditee must follow the procurement standards prescribed by the Procurement Standards in §§ 200.317 Procurement by states through 20.326 Contract provisions of Subpart D- Post Federal Award Requirements of this Part or the FAR (48 CFR Part 42), as applicable. When procuring audit services, the objective is to obtain high-quality audits. In requesting proposals for audit services, the objectives and scope of the audit must be made clear and the non-Federal entity (the district/charter) must request a copy of the audit organization's peer review report which the auditor is required to provide under GAGAS (Generally Accepted Government Auditing Standards). Factors to be considered in evaluating each proposal for audit services include the responsiveness to the request for proposal, relevant experience, availability of staff with professional qualifications and technical abilities, the results of peer and external quality control reviews, and price. Whenever possible, the auditee must make positive efforts to utilize small businesses, minority-owned firms, and women's business enterprises, in procuring audit services as stated in § 200.321 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms, or the FAR (48 CFR Part 42), as applicable. (§200.509(a))
3. The auditee must also prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended. (§200.510(b))

Corrective Action Plans for audit findings. At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in § 200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports. The corrective action plan must provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. If the auditee does not agree with the audit findings or believes corrective action is not required, then the corrective action plan must include an explanation and specific reasons. (§200.511(c))

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 <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 as to 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. 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 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, the number they can be reached at is 573-751-0047.

SCHOOL TRANSPORTATION

CDL License Checks

The Department of Revenue (DOR) recently reported to this department that they regularly hear from school bus drivers and/or their employers because their CDL does not include the proper endorsements, all school bus drivers should have on their CDL a P-Passenger Endorsement and a S-School Bus Endorsement. Each school bus driver’s employer should regularly be checking not only the expiration dates for the licenses but checking for the proper endorsements. Also, make sure you instruct the drivers to check the CDL before leaving the license office to make sure that DOR issued the license with the proper endorsements on it.

2014-2015 State Transportation Aid Calculation

The fiscal year 2014-15 state transportation aid calculation is available through the School Finance website at <http://dese.mo.gov/financial-admin-services/school-finance> under Financial Reports, Payment Transmittals. Input 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.

This is the seventh live state transportation calculation made for the current year. The calculation is based on 2013-14 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 2015 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 2015	65.093371	3.525115	-1.421134

Certified School Bus Driver Instructor Training

The Certified School Bus Driver Instructor recertification training will be held in Columbia on July 24, 2015. The Certified School Bus Driver Instructor workshop is scheduled for July 27-29, 2015, in Warrensburg. Registration forms for this training are available at <http://dese.mo.gov/financial-admin-services/school-transportation/certified-bus-driver-instructors>, also, a listing of all current Certified School Bus Driver Instructors can also be viewed at this site.

2015-2016 Transportation Appropriation

The 2015-16 House Bill 2 for the transportation appropriation is \$100,297,713, the same appropriation that is currently being used in the 2014-15 calculation for state transportation aid.

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 sent on March 25 to all school transportation contacts. On Wednesday, April 8, 2015, 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 22, 2015, via the following link: <https://www.surveymonkey.com/s/2015LOCALStopArmsSurvey>.

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).

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 information 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.

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 pre-trip 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 pre-trip inspection which is to be submitted to the transportation administrator. Pre-trip 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</u> <u>March FY14</u>	<u>YTD as of</u> <u>March FY15</u>	<u>Revenue</u> <u>Change</u>	<u>% Change</u>
Individual Income Taxes	\$4,320,000,000	\$4,630,000,000	\$310,000,000	7.18%
Sales & Use Taxes	\$1,450,000,000	\$1,510,000,000	\$60,000,000	4.14%
Corporate Inc. & Franchise	\$346,300,000	\$362,500,000	\$16,200,000	4.68%
Other Collections	\$283,000,000	\$304,900,000	\$21,900,000	7.74%
 Increase in Revenue YTD			 \$408,100,000	 6.38%
 Refunds (YTD)	 \$834,400,000	 \$847,600,000	 \$13,200,000	 1.58%
(A decrease in refunds enhances Net Revenue. An increase in refunds diminishes Net Revenue.)				
 Actual Net Revenue Status YTD	 \$5,564,900,000	 \$5,959,800,000	 \$394,900,000	 7.10%

Refund
Change

School District Trust Fund (Proposition C) YTD

	<u>(April) Prior Year</u>	<u>(April) Current Year</u>	<u>% Change</u>
Amount Paid to School Districts	\$651,206,580	\$698,590,876	7.28%
Appropriation	\$827,500,000		

Gaming Revenue YTD

	<u>(April) Prior Year</u>	<u>(April) Current Year</u>	<u>% Change</u>
Total Gaming Proceeds to Education	\$263,725,218	\$266,737,580	0.0797%
Gaming Revenue Appropriated	\$353,112,706		
 YTD Classroom Trust Fund Available FY15*	 \$279,843,558		
 *Includes \$13,105,978 unclaimed Lottery funds			

1. **General Revenue:** The month of March demonstrated a continuation of the revenue trend for the first three-quarters of this fiscal year. The state's major sources of revenue continue to hold an upward trajectory. Hopefully, the final quarter will continue to hold the upward pattern.
2. **Proposition C:** Revenue from the School District Trust Fund (Proposition C) available for distribution continues to run ahead of the prior year. The revenue available for payment in March was not as strong as was February, which benefits from the holiday season economic impact, but was well ahead of March last year. It continues to look as if FY15 will see very good growth in sales tax revenues and that the supplemental budget request for FY15, to increase the appropriation authority for Prop C by \$3,782,000, could be realized if approved by the General Assembly.
3. **Gaming Revenue:** As was the case in March, April gaming revenue continues to hold and is slightly ahead of where it was one year ago. Though we have seen yearly decreases for the past several years, as of April 2015, we continue to trend slightly ahead of last year. Below is a tracking of YTD revenue status for the past five (5) years.

April 2011	\$281,920,830
April 2012	\$280,253,793
April 2013	\$277,285,875
April 2014	\$263,725,218
April 2015	\$266,737,580

4. **FY15 Foundation Formula Payments:** We continue to analyze the funds available for distribution through the formula. As we noted last month, we had to adjust our annualized projection downward due to lagging lottery revenues. The distribution this month was based upon the annualized adjustments that were factored in last month. We do believe that in May there could be a revised estimate that would result in a slight positive increase in the annualized estimate. It continues to be the goal of the Department to assure that districts are not surprised by a significant adjustment in the final June payment.

For the past five school years, I have made the round trip journey from my home in Webb City to Jefferson City. The round trip distance is approximately four-hundred miles, so I get a bit of windshield time. Many have asked how I manage to handle the commute and, generally, I tell them I don't really mind it all that badly. The reason is that for over forty years my life has had a connection to central Missouri, back to the days when I lived in Columbia and was enrolled as a graduate student at M.U., or later during the thirty-six years I served as a school district administrator and made many trips back and forth to meetings, etc. I guess I could say that I have come to simply know the road and am accustomed to what the journey entails. One thing I can tell you, however, is that the roads upon which I travel are far superior to what they were in the early 1970s when my journeys began and those improvements have made the trip much better.

As I drove back this weekend, I truly enjoyed the beauty of the annual unfolding of spring in Missouri. The redbud and dogwood trees are magnificent and contributed to a more melancholy disposition. I reflected on the changes I have seen over my forty-plus years of travel along this pathway. I have seen roads improved, new houses built, communities expand and greater economic prosperity in the rural areas, all of which reflect a state made up of communities planning for the future and seeking continued enhancement of opportunities for all. We all can agree that good things don't just happen but are the result of visioning, planning, hard work and desire to invest in the future.

I remain convinced that people want to move forward toward bettering the futures of those children we serve whose lives are impacted by decisions made by the citizens of their communities. I was encouraged to review the results of school bond and levy elections that were held April 7 in sixty-seven school districts across the state that decided on sixty-nine questions. Fifty-two of those questions (75.4%) were answered in the affirmative. Of the 158,271 votes cast on these questions statewide, over fifty-nine percent (59.5%) were in support. This strong positive vote affirms to me that communities across Missouri continue to value their schools and support continuous improvement. It is my hope that as people continue to cross our great state forty years from now and survey the status of the quality of life they will conclude, just as I do each week in my commutes, the progress to be achieved through these initiatives will be evidence of the willingness of today's citizens to invest in the future of our children.

I hope of each of you finds some time to enjoy the beauty of this wonderful season of regeneration in Missouri.



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