

# School Finance

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## PAYMENT CALCULATIONS

### April Foundation Payment Calculations

The April Basic Formula payment, including Classroom Trust Fund, was calculated using an SAT of \$6,375 and 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](mailto:finadmgo@desemo.gov)) with questions or concerns about the district's calculations.

### Estimated Regular Term Average Daily Attendance (ADA)

The forgiveness granted by the Commissioner of Education for instructional hours missed due to COVID-19 results in districts and charter schools having actual ADA, with the exception of MOCAP or virtual courses meeting the qualifications of 162.1250, RSMo, where course completion is unknown at this time. This will allow districts to verify if the actual ADA for the FY 2019-20 will be greater than the FY 2018-19 (first preceding year) or FY 2017-18 (second preceding year) ADA used in the Foundation Formula payment. Districts should review the current ADA in their student information systems. The [Estimated ADA Calculation](#) tool is available to assist in determining if the FY 2019-20 is the highest year and if an estimate should be used in the Foundation Formula. If the district determines it is appropriate to estimate an ADA for FY 2019-20 please email your School Finance contact. Attach to the email the completed Estimated ADA Calculation tool and a report from the district's student information system showing the year-to-date ADA.

All charter schools should provide an updated estimated FY 2019-20 ADA based on the school's actual ADA through the end of the school year.

Estimating ADA for Foundation Formula purposes will allow for less fluctuation in the prior year correction calculation done in FY 2020-21 for FY 2019-20.

Revisions to the Fiscal Year 2019-20 estimated ADA may be made through May 15, 2020. Contact School Finance staff if you have questions about estimating ADA.

## FISCAL YEAR 2019-20 BUDGET ESTIMATES

### State Adequacy Target (SAT) and Threshold Recalculation

The SAT and related Thresholds for Fiscal Year 2019-20 are as follows:

Item	Amount
State Adequacy Target FY 2020	\$6,375
Free & Reduced Lunch Threshold	31.42%
Special Education (IEP) Threshold	12.06%
Limited English Proficiency Threshold	2.50%

### Fiscal Year 2019-20 Budget Estimate Information

	Basic Formula <sup>3</sup>	Classroom Trust Fund <sup>1</sup>	Prop C <sup>2</sup>	Small Schools Grant \$10M <sup>1</sup>	Small Schools Grant \$5M <sup>4</sup>	Transportation
<b>SAT/Amount Per</b>	\$6,375	\$386	\$1,049	\$280	\$150	
<b>Appropriation</b>	\$3,553,211,885	\$349,999,054	\$958,400,000	\$10,000,000	\$5,000,000	\$100,447,713
<b>Project Cash Available</b>		\$265,083,150 to \$319,999,054				
<b>Denominator</b>		828,500	913,094	35,716	33,351	

<sup>1</sup>ADA / <sup>2</sup> WADA / <sup>3</sup> FWADA / <sup>4</sup> Tax-Rate WADA

The announced withholding of the Foundation Formula Prior Year Correction Supplemental will cause the Foundation Formula Prior Year Correction for FY 2018-19 to continue to be paid out at the reduced SAT of approximately \$6,291 instead of the full SAT of \$6,308, which would have been funded with the Supplemental Appropriation.

At this time there have been no announcements regarding withholding of the current year appropriation for FY 2019-20, and the Basic Formula payment continues to be paid at a SAT of \$6,375. It is impossible to predict the potential impact COVID-19 will have on our state’s revenues so districts and charter schools are urged to revise budget estimates accordingly, while closely monitoring state revenue and possible withholdings for the FY 2019-20.

Due to the casino closures Classroom Trust Fund dollars are expected to run well behind the appropriated level and will continue to be monitored and adjusted each month. If no more Classroom Trust Fund monies are received for the year the amount per ADA would be \$319.96. You are urged to continue to closely monitor the Classroom Trust Fund receipts very closely for the remainder of the year. Note that the lower Classroom Trust Fund dollars increases the amount of Basic Formula – State Monies districts and charter schools are owed and does not necessarily mean less funds to the district or charter school.

The Transportation State Aid withholding announced on April 20, 2020 of \$7.1 million will reduce the appropriation from \$107,547,713 to \$100,447,713. This is a reduction of 6.60% in the total appropriation for Transportation State Aid. This reduces the Transportation State Aid maximum entitlement (line 50 of the Transportation State Aid calculation) by an estimated 2.4% and will change the appropriation adjustment (line 51 of the Transportation State Aid calculation) from 32.8% to 30.5%. Districts and charter schools will see a reduction of their Annual State Transportation Aid (line 52 of the Transportation State Aid Calculation) of almost 7%. The majority of the adjustment will be reflected in the May payment; the June payment may be lowered as well to compensate for the remaining shortfall.

Proposition C payments each month vary due to the cash available which is based on sales tax paid roughly two months prior. It appears unlikely that Proposition C will reach appropriated levels, but at this time we are unsure of what level it may reach. At this point you are urged to revise budget estimates accordingly, while closely monitoring the Proposition C receipts for the remainder of the year.

Below is trend data for Proposition C Payments as of the April payment for the last four years.

Fiscal Year	Paid-to-date as of the April Payment	Appropriation	Year-To-Date Amount Per WADA	Percent Paid-to-Date
2016-2017	\$741,450,521.14	\$884,800,000	\$820.46	83.80%
2017-2018	\$735,299,072.40	\$901,600,000	\$805.97	81.55%
2018-2019	\$745,913,989.51	\$917,500,000	\$820.40	81.30%
2019-2020	\$758,128,035.65	\$958,400,000	\$830.29	79.10%

Please call or email School Finance at 573-751-0357 ([finadmgo@desemo.gov](mailto:finadmgo@desemo.gov)) with questions or concerns about the district’s calculations.

## FISCAL YEAR 2020-21 BUDGET ESTIMATES

### State Adequacy Target (SAT) and Threshold Recalculation

The SAT and related Thresholds for Fiscal Year 2020-21 are as follows:

Item	Amount
State Adequacy Target FY 2020	\$6,375
Free & Reduced Lunch Threshold	29.45%
Special Education (IEP) Threshold	12.83%
Limited English Proficiency Threshold	2.07%

### Fiscal Year 2020-21 Budget Estimates

	Basic Formula <sup>3</sup>	Classroom Trust Fund <sup>1</sup>	Prop C <sup>2</sup>	Small Schools Grant \$10M <sup>1</sup>	Small Schools Grant \$5M <sup>4</sup>	Transportation
<b>SAT/Amount Per/% Increase Governor’s Budget Denominator</b>	\$6,375	\$428	\$1,065	\$280	\$150	3% Increase
	\$3,553,211,885	\$353,359,579	\$972,900,000	\$10,000,000	\$5,000,000	\$117,547,713
		828,500	913,094	35,716	33,351	

<sup>1</sup>ADA / <sup>2</sup> WADA / <sup>3</sup> FWADA / <sup>4</sup> Tax-Rate WADA

Districts and charter schools should exercise extreme caution as they move forward in their budgeting process for FY 2020-21. It is impossible to know the full impact COVID-19 could have on the ability to reach the State Adequacy Target in the Foundation Formula payment. LEAs should be conservative in any estimates for Foundation Formula, Classroom Trust Fund, Transportation, Small Schools and Proposition C payments in the coming year.

## IMPORTANT REMINDERS AND TOPICS OF INTEREST

### Changing Depository Banks

Districts/charter schools changing banks or bank accounts must first be registered in the State of Missouri new procurement system MissouriBUYS. All banking changes will now be completed in MissouriBUYS. MissouriBUYS weblink is <https://MissouriBUYS.mo.gov>. Reminder: when depositories are changed, the first payment issued after the change could be in the form of a paper check. If you have issues in using MissouriBUYS, please contact MissouriBUYS team via email [WebProcure.Support@perfect.com](mailto:WebProcure.Support@perfect.com) or phone (866) 889-8533.

## PDC Expenditure Requirements Modification Enacted August 28, 2018

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 or special education 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.

Effective August 28, 2018, HB 1606 modified 160.530.1, RSMo, to allow "that in any fiscal year ending with fiscal year 2024 in which the amount appropriated and expended to the public schools under section 163.161 for the transportation of pupils is less than twenty-five percent of the allowable costs of providing pupil transportation under said section, a school district may, by majority vote of its board, allocate an amount less than one percent of the moneys received pursuant to section 163.031, exclusive of categorical add-ons, to the professional development committee of the district but in no instance shall the district allocate less than one-half of one percent of the moneys received pursuant to section 163.031, exclusive of categorical add-ons, to the professional development committee of the district." Any portion of the amount allocated and not expended during the year must be shown as a part of the restricted fund balance on June 30.

Function Code 2214 may **only** be used to code those expenditures made to meet the requirement of Section 160.530, RSMo, described above. Any instructional staff professional development required by other programs or expenditures made that do not meet the requirement of Section 160.530, RSMo, should be coded to Function Code 2213. Starting with the 2019-20 ASBR expenditures with a source code or project coding indicating use of funds other than Basic Formula funds will not be allowed. If improper coding has occurred the district will be required to make adjusting entries and amend the Annual Secretary of the Board Report (ASBR) as necessary.

## 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 of 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.

### 2019-20 Calendar and Requirement to Provide Continued Educational Opportunities

DESE has received questions from districts considering shortening their 2019-20 school year in light of COVID-19. Please note, shortening the school year (closing for the year) is different from announcing a year-end closure with continued remote services provided until said end date. When making changes to the school calendar that would result in a shortened year, local education agencies (LEAs) should keep in mind that 1,044 hours of actual pupil attendance are required by law (160.011, RSMo). This can be accomplished by a combination of hours in session and hours waived/forgiven. The Commissioner of Education has communicated that she fully intends to exercise her statutory authority to forgive school hours missed due to COVID-19 for LEAs providing alternate educational opportunities for students. She does not intend to waive hours for LEAs that simply close and discontinue educational services for students. The last day of school should be the last day planned at the beginning of the year, not a modification done during the year, and should be prior to any weather make-up days added to the end of the school year. Inclement weather hours that LEAs are unable to make up due to COVID-19 school closures will be waived.

The 1,044 hours of actual pupil attendance (or a combination as previously mentioned) is also one of the requirements for a district to receive state aid (163.021, RSMo). LEAs should also remember that changes to the school calendar need approval from the local Board of Education.

### 2019-20 Attendance Reporting

As stated in [Administrative Memo FAS-20-002](#) - Attendance Reporting, Calendar and PDC Spending, districts and charter schools will not be required to make up 2019-20 calendar hours lost due to COVID-19. Hours forgiven are considered **not-in-session** hours and no attendance and no absent hours will be reported for that time, even though educational opportunities continue to be provided for students remotely. For information regarding students enrolled in MOCAP or other virtual courses see [Administrative Memo: FAS-20-002](#), sent to public school leaders on Friday, March 27.

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>.

### Missouri Accountability Portal (MAP) – Debt Reporting

Section 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](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

### 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, they can be reached at 573-751-0047.

## STUDENT TRANSPORTATION

### 2019-20 State Transportation Aid Calculation

The Fiscal Year 2019-20 state transportation aid calculation is available through the School Finance website. Select Monthly Financial Reports. 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. The link to School Finance Monthly Financial Reports is <http://dese.mo.gov/financial-admin-services/school-finance/financial-reports>.

This is the seventh live state transportation calculation made for the current year. The calculation is based on 2018-19 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 2020 calculation follows. 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 2020	67.206840%	3.886840	-1.396418

### State Aid for Transportation of Pupils Statute Waived

As stated in the April 3 [Administrative Memo COM-20-002](#) a requirement of the state aid for transportation of pupils statute has been waived. This waiver means the miles driven by school buses that are delivering food and/or remote learning opportunities to students, and/or providing Wi-Fi near students' homes, are allowable transportation costs (under the district's emergency preparedness plan) and may now be reported as eligible route miles on the Application for State Transportation Aid. Amid COVID-19 school closures, schools are now taking school to Missouri students, instead of bringing students to school.

### School Bus Driver FMCSA Drug and Alcohol Testing Guidance Related to COVID-19

Per the Federal Motor Carrier Safety Administration (FMCSA), if, due to disruptions caused by the COVID-19 national emergency, the district is unable to perform random selections and tests sufficient to meet the random testing rate for a given testing period in order to achieve the required 50% rate for drug testing, and 10% for alcohol testing, the district should make up the tests by the end of the year. The district should document in writing the specific reasons why you were unable to conduct tests on drivers randomly selected, and any actions taken to locate an alternative collection site or other testing resources. More information is available at <https://www.fmcsa.dot.gov/emergency/fmcsa-covid-19-drug-alcohol-testing-guidance>.

### Volkswagen Trust School Bus Replacement Applications Open – Deadline Extended to May 31

The Missouri Department of Natural Resource's Volkswagen Trust School Bus Program school bus replacement cycle is open for school buses that are 1992-2009 model year. The Missouri Department of Natural Resources is accepting applications Monday, March 2 through May 31, 2020 at 5 p.m. CDT. All school bus fleet owners may apply for the replacement of up to three buses on an application, plus as many as two more buses if applying for new alternative fuel or all-electric buses. More information is available at <https://dnr.mo.gov/env/apcp/vw/school-buses.htm>.

## Certified School Bus Driver Instructor Training

The Certified School Bus Driver Instructor recertification training will be held in Columbia on July 24, 2020. The Certified School Bus Driver Instructor workshop is scheduled for July 29-31, 2020, in Warrensburg. Registration forms for this training are available at <https://dese.mo.gov/financial-admin-services/student-transportation/certified-bus-driver-instructors>, also, a listing of all current Certified School Bus Driver Instructors can also be viewed at this site.

## 5 CSR 30-261.045 Pupil Transportation in Vehicles Other Than School Buses, the State Board of Education is Amending Rule to Remove the Requirement for a Restroom

The proposed amendment to this regulation are as follows:

- (3) Requirements for Transportation of Students in Authorized Common Carriers.
- (A) Authorized common carriers shall only be used to transport students to and from field trips or other special trips for educational purposes and shall not be used to transport students to and from school. Authorized common carriers, as used in this rule, are over-the-road intercity-type coaches equipped with reclining seats[,] and air conditioning [and restroom facilities, and]. **Authorized common carriers must also hold[ing] authority from the Missouri Department of Transportation, Motor Carrier Services, [of Economic Development, Division of Motor Carrier and Railroad Safety] or the Federal Motor Carrier Safety Administration.**

**Comment Period is May 1-31, 2020** - NOTICE TO SUBMIT COMMENTS: Anyone may file a statement in support of or in opposition to this proposed rescission with the Department of Elementary and Secondary Education, ATTN: Debra Clink, Student Transportation Manager, School Financial and Administrative Services, PO. Box 480, Jefferson City, MO 65102-0480 or by email to [finadmgo@dese.mo.gov](mailto:finadmgo@dese.mo.gov). To be considered, comments must be received within thirty (30) days after publication of this notice in the Missouri Register. No public hearing is scheduled.

## 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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