

August 21, 2013

TO: School District Administrators

FROM: Ron Lankford, Deputy Commissioner, Financial and Administrative Services
Roger Dorson, Coordinator, School Financial and Administrative Services

RE: August Financial Information

August Payments

Basic Formula -

The August Basic Formula payment, including Classroom Trust Fund, was calculated using the best data available for each district. Each month's calculation will be made using the best available data reported by the district to DESE.

One common data quality issue affecting a district's calculation is the lack of the 2013 summer school attendance data provided through the MOSIS August submission; therefore, the payment weighted average daily attendance for the district may not include a summer school component. The weighted average daily attendance value used in the formula calculation will change in some future month once the summer school attendance data have been submitted to DESE. *Please submit the 2013 summer school attendance data as soon as possible.*

2013-14 Core Data Screen 6

The 2014 (2013-14 school year) tax levies and assessed valuations are reported on Screen 6 titled "District Tax Data" of the Core Data Collection System. The tax levy information entered on Screen 6 must agree with the levies on the **Estimate of Required Local Taxes** form, which is to be filed with the respective county(ies) by September 1. The assessed valuation data for 2013 entered on Screen 6 is the estimated assessed valuation received from the county in June/July for the 2013 calendar year and used in the calculation of the district's tax rate ceiling. Do not enter the December 31, 2012, assessed valuation on Screen 6.

August cycle data should have been entered by August 15, 2013, or as soon thereafter as possible, as this will impact the accuracy and completeness of the Missouri School Directory.

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/sf-AAAttendanceReporting.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 WEB 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-AAAttendanceReporting.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.

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

School Calendar Requirements

Missouri statute directs that *each school board shall prepare annually a calendar for the school term* per Section 171.031.1, RSMo. Due to the fact that a number of school districts that have moved, or in the future may consider moving, to a school year of less than one-hundred and seventy-four (174) days, it has been determined that additional guidance should be provided to give greater clarity on what needs to be considered when setting such calendars.

School Calendar Options as Provided in Statute

In order to be eligible to receive state aid for its education program a school district must adopt a calendar that meets minimum standards that provide at least 1,044 hours of instruction. School districts may operate under one of three possible calendar scenarios described below:

1. A traditional calendar may be adopted which requires the school board to provide a minimum term of at least 174 days and 1,044 hours of instruction, 171.031.1, RSMo.
 - a. Minimum required hours in a school day of 3 hours per Section 160.041.1, RSMo.
 - b. Maximum possible hours in a school day of 7 hours per Section 171.031.7, RSMo.
2. A calendar of less than 174 days may be adopted by the school board that provides a minimum of at least 1,044 hours of instruction, 171.029.1 RSMo.
 - a. Minimum required hours in a school day of 4 hours per Section 160.041.1, RSMo.
 - b. Maximum possible hours in a school day of 8 hours per Section 171.031.7, RSMo.
3. A calendar of 142 days (four days per week) may be adopted by the school board that provides a minimum of at least 1,044 hours of instruction, 171.031.1, RSMo.
 - a. Minimum required hours in a school day of 4 hours per Section 160.041.1, RSMo.
 - b. Maximum possible hours in a school day of 8 hours per Section 171.031.7, RSMo.

Points of Clarification

1. Districts must establish which type of calendar they will be operating under as well as the number of days they plan to attend school prior to the opening of a new school year. In order to assure that the district has complied with this statute, the planned calendar will be reported to the Department on Core Data Screen 10 by August 15 of each year. Once the type of calendar has been established by the district the number of days of planned attendance cannot be amended or changed after the August 15 reporting date.
2. Districts that operate with a traditional calendar (174 days or more) may not attend fewer than 174 days or 1,044 hours except as forgiven by weather as established in Section 160.041, RSMo.
3. Districts that operate with a calendar of less than 174 days, and with a minimum of 1,044 hours, must attend the number of planned attendance days as certified to the Department on Core Data Screen 10 by August 15 of each year, except as forgiven by weather as established in Sections 171.033 and 160.041, RSMo.
4. Districts that operate with a calendar of 142 days, and with a minimum of 1,044 hours, must attend the number of planned attendance days as certified to the Department on Core Data Screen 10 by August 15 of each year, except as forgiven by weather as established in Sections 171.033 and 160.041, RSMo.
5. Section 163.021.1, RSMo, requires compliance with the minimum term for eligibility for state aid. A school day ending before the minimum required hours of class time does not count toward the day requirement and the hours do not count toward the 1,044 hour requirement. Since the day is not a legal school day, the hours and day do not count for state aid purposes. Such hours are not reported as a part of the school district's calendar and the attendance hours are not reported for the ADA calculation for state aid purposes.
 - a. Minimum required hours of class time to count as a school day:
 - i. School districts that provide a minimum term of at least 174 days and 1,044 hours of instruction must have at least three hours of class time to count day as an attendance day for calendar purposes.
 - ii. School districts that provide a minimum term of less than 174 days, and with a minimum of 1,044 hours, must have at least four hours of class time to count day as an attendance day for calendar purposes.

SCHOOL GOVERNANCE

Nonresident Students

The School Administrative Services section has received a number of calls regarding the admission of nonresident students. Please note the following:

- If a school district enrolls a nonresident student the district must charge tuition and this student cannot be counted for state aid purposes.
- Homeless children are resident students.
- A child of a parent employed by the school district as a teacher or regular employee and agriculture exemptions are situations where a nonresident student may be enrolled and counted for state aid purposes.

It is the time of year when students are registering for school and the district is dealing with residency issues. It would be advisable, especially for districts with new administrators, to review the district's residency policy and enrollment forms. Additional information on residency, such as an enrollment checklist and residency waiver, can be found at the School Governance website at <http://dese.mo.gov/divadm/govern/index.html>.

Please contact Roger Dorson, Coordinator – School Administrative Services, at (573) 751-0357 if you have any questions relating to residency or other questions relating to the operation of your school district.

Use of Birth Certificates for Enrollment Purposes

The Department of Health and Human Services - Bureau of Vital Records receives a large number of requests for birth certificates from parents attempting to enroll their child in a Missouri public school. According to the Bureau, these parents are being told they cannot enroll their child in a school district without a birth certificate containing the father's name and information on the certificate. The Bureau has questioned the Department about the use of birth certificates for this purpose.

Neither the Missouri Constitution, the Public School Laws of Missouri, nor Department rules require public school districts to request a birth certificate for enrollment purposes. In fact, school districts requiring this information before allowing a student to enroll may, in effect, be denying the student access to a public education for which s/he is otherwise legally qualified to receive. While a district may request a birth certificate at the time of enrollment, documents other than a birth certificate can be used to verify the age of a student. Finally, the U.S. Department of Education's Office for Civil Rights has, in the past, cautioned school districts about relying solely on birth certificates when other documents, such as parent affidavits or hospital records, are equally suitable as reliable sources of information.

In sum, the fact that a parent cannot provide a birth certificate with or without the father's name on it should not—by itself—prevent a child from enrolling in a public school.

MSPMA Annual State Conference

The annual state conference of the Missouri School Plant Managers Association will be held on September 29 - October 1, 2013, at the Lodge of the Four Seasons at the Lake of the Ozarks. A MSPMA membership form and registration form for the conference have been sent in a separate mailing. Please provide the conference information to the person in your district in charge of facilities. Additional information about the conference can be obtained by calling Mr. Tony Sloan, Executive Director, at (573) 443-0789. Registration and conference information is also available at <http://www.mspma.com/>.

SCHOOL TRANSPORTATION

National School Bus Safety Week

National School Bus Safety Week is October 21-25, 2013. This Year's Theme is "Stand Back From the Yellow and Black". A National School Bus Safety Week Resource Guide and Activity Booklet may be printed off the National Association of Pupil Transportation's website at http://naptonline.org/files/NSBSWdoc_Co.pdf. School Bus Safety Week posters can be obtained from the National Assn. of Pupil Transportation at (800) 989-NAPT.

School Bus Driving Record Checks

With the 2005 change in school bus driver licensing from the Department of Revenue's central office to local fee offices the Department of Revenue (DOR) no longer has access to employer information for notifications of changes in school bus "S" endorsement status. Driving records can be obtained for \$5.88 (plus \$2.00 at the fee offices). A verbal driver's status check

can be obtained by calling DOR, General Issuance, and (573) 751-2730 (ext. 2) or by calling an automated line at (573) 751-2730 (ext. 1).

It is recommended that the driving record or S endorsement status be checked *at least every 6 months*. School bus drivers are notified by letter when any S endorsement status change occurs. Driving record checks are also run when the applicant is applying for an S endorsement.

Exempt Railroad Crossings

A current listing of the exempt railroad crossings in Missouri can be found on the Missouri Operation Lifesaver website at http://www.showmeol.org/safety/exempt_crossings.pdf. Please make sure that school buses traveling in these areas with exempt crossings are aware of this information.

Deputy Commissioner's Comments

Revenue Trends YTD

	YTD as of <u>July FY12</u>	YTD as of <u>July FY13</u>	Revenue <u>Change</u>	% <u>Change</u>
Individual Income Taxes	\$341,300,000	\$341,900,000	\$600,000	0.18%
Sales & Use Taxes	\$145,400,000	\$151,300,000	\$5,900,000	4.06%
Corporate Inc. & Franchise	\$16,800,000	\$18,600,000	\$1,800,000	10.71%
Other Collections	\$56,000,000	\$15,400,000	(\$40,600,000)	-72.50%
Increase in Revenue YTD			(\$32,300,000)	-5.77%
				Refund
			<u>Change</u>	
Refunds (YTD)	\$53,700,000	\$45,600,000	(\$8,100,000)	-15.08%
Net Revenue Status YTD	\$505,700,000	\$481,400,000	(\$24,300,000)	-4.81%

(A decrease in refunds enhances Net Revenue. An increase in refunds diminishes Net Revenue.)

Gaming Revenue YTD

	<u>Prior Year</u>	<u>Current Year</u>	<u>% Change</u>
Total Gaming Proceeds to Education	\$28,522,243	\$26,711,906	-6.347%
Gaming Revenue Appropriated	\$375,395,340		
Percentage of Budget Year Reflected YTD		8.33%	
Percentage of Appropriation Realized YTD (\$10 M Unclaimed Lottery Included in Calculation)			9.83%

1. **General Revenue Trend:** Please note that the revenue trend for FY14 has begun with a significant negative when compared to FY13. The information below should provide more insights as to the areas that contributed toward the growth in that year compared to FY12. You will note that corporate and especially individual income tax revenues were greater than the prior year. Additionally, other collections were substantially higher than in the prior year largely due to the one time settlement in legal actions related to the home mortgage industry. As we compare the negative trend that currently exists, it is attributable largely due to the one time infusion of the settlement funds.

We will continue to monitor and post monthly revenue information. This will enable you to track the revenue trend as we move forward.

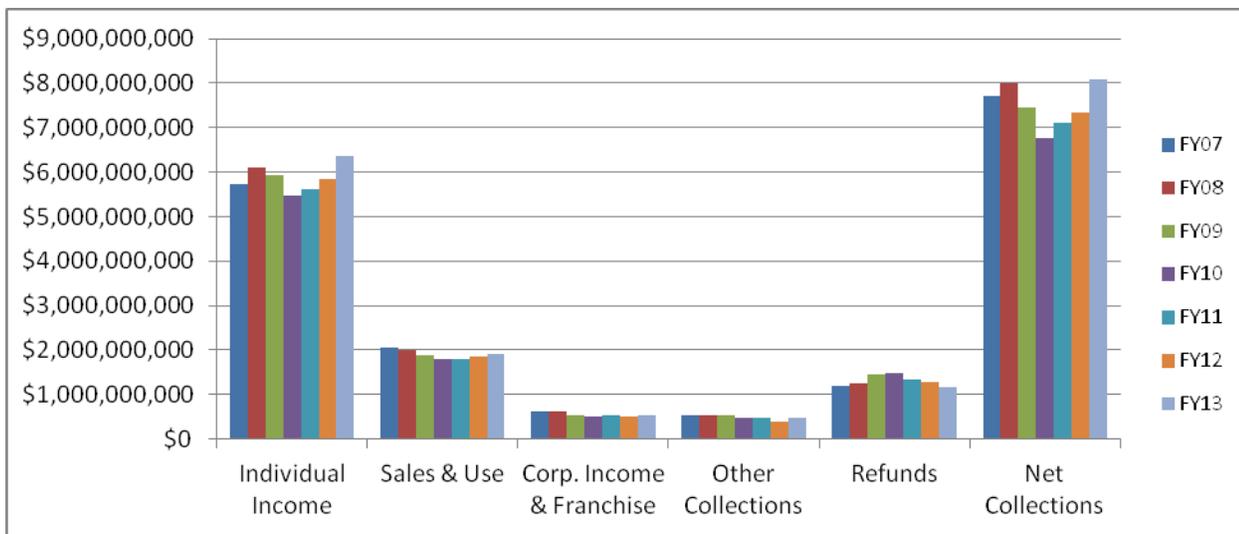
2. **Gaming Revenues:** You are urged to watch closely the revenue trend for the Classroom Trust Fund. This is important because the appropriation to that fund was increased by \$65.8 million. Distribution, however, cannot exceed funds that are actually available through Gaming Revenue. For the month of July, funds distributed to education decreased by 6.347%, or nearly \$2 million. It should be noted, however, that due to the appropriation for FY13 being less than revenues available, there was carry over balance in this fund on June 30, 2013. If, however,

the revenue trend continues as it has thus far in the current calendar year, it will have an adverse impact on the ability to distribute additional funds as appropriated in the Classroom Trust Fund for FY14. Though revenue is down, it is anticipated that distribution we will be at least equal, or slightly ahead of FY13. While one month does not represent the final total, the recent trend of gaming revenue being on a decline necessitates close monitoring as we move forward.

3. **Data Submission:** We are asking districts to submit their summer school data as soon as is possible. By doing so you will enable us to make more accurate estimates relative the WADA for the current school year.

Revenue History

	Individual Income	Sales & Use	Corporate Income and Franchise	Other Collections	Refunds	Net Collections
FY07	\$5,726,545,000	\$2,043,027,000	\$631,737,000	\$523,852,000	\$1,208,797,000	\$7,716,364,000
FY08	\$6,110,159,000	\$2,000,470,000	\$613,499,000	\$538,145,000	\$1,258,398,000	\$8,003,875,000
FY09	\$5,935,195,000	\$1,883,719,000	\$528,280,000	\$544,480,000	\$1,440,890,000	\$7,450,784,000
FY10	\$5,483,884,000	\$1,791,664,000	\$502,174,000	\$465,829,000	\$1,469,227,000	\$6,774,324,000
FY11	\$5,630,000,000	\$1,810,000,000	\$537,300,000	\$466,600,000	\$1,340,000,000	\$7,103,900,000
FY12	\$5,840,000,000	\$1,870,000,000	\$502,900,000	\$398,400,000	\$1,280,000,000	\$7,331,300,000
FY13	\$6,370,000,000	\$1,900,000,000	\$525,700,000	\$470,900,000	\$1,180,000,000	\$8,086,600,000



In the 2010-11 School Year, record blizzards in the winter, followed by massive flooding and devastating tornados in the spring made it a most memorable year. In the 2011-12 we had a mild winter, followed by a multi-state drought, the likes of which had not been seen since the 1930's and 1950's. The 2012-13 School Year saw a more typical winter and then a summer of lower temperatures and severe flooding in the southern part of our state. Just as the seasons have similar characteristics, but vary on an annual basis, each school year is uniquely defined by its own characteristics. Try as we may, we can never accurately predict at the beginning of each year what will arise. When we think of the weather related challenges of the past three years, each of us can recall times when we wondered if it was possible to deal with the many new challenges that arose so quickly. In retrospect, we now applaud the resilience we saw as communities came together and moved forward.

A new school year has begun or will soon begin and no one knows all the challenges that will come with it. I believe we are capable of addressing each issue that arises if we all work together. It is imperative that students, parents, school staff, patrons and communities move forward with resolve to assure that all students experience many successes throughout the 2013-14 School Year.

Best wishes in all you do to make a positive difference in the lives of all our students.



Ronald Lankford

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