

School Finance

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PAYMENT CALCULATIONS

February Foundation Payment Calculations

The February Basic Formula payment, including Classroom Trust Fund, was calculated using the most current data available as reported by the districts 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 (webreplyadmsf@dese.mo.gov) with questions or concerns about the district’s calculations.

State Adequacy Target (SAT) and Threshold Recalculation

The SAT and related Thresholds for school years 2018-19 & 2019-20 have been recalculated. The SAT was calculated at \$6,375 but per 163.011 RSMo., “Should a recalculation result in an increase in the state adequacy target amount, fifty percent of that increase shall be included in the state adequacy target amount in the year of recalculation, and fifty percent of that increase shall be included in the state adequacy target amount in the subsequent year.” The SAT and thresholds are as follows:

State Adequacy Target FY2019	\$6,308
State Adequacy Target FY2020	\$6,375
Free & Reduced Lunch Threshold	31.42%
Special Education (IEP) Threshold	12.06%
Limited English Proficiency Threshold	2.50%

The SAT will remain at an adjusted level through the calculation process until such time as there is funding available to increase the SAT to the calculated level provided above.

If the district chooses to estimate the estimated regular term ADA for 2017-18 may be provided to your School Finance consultant to be entered on the Estimated ADA Screen. The Estimated ADA Screen is now located in DESE Web Applications by selecting School Finance and then selecting Estimated ADA. This screen also provides historical information, such as Membership, Enrollment, ADA, and ADA percentages that may be helpful when estimating an ADA.

A worksheet to assist districts when estimating their ADA is available at <http://dese.mo.gov/financial-admin-services/school-finance/calculation-tools>.

Revisions to the 2017-18 estimated ADA may be made through **May 15, 2018**. Contact School Finance staff if you have questions about estimating ADA.

UPCOMING CHANGES TO THE ACCOUNTING CODE STRUCTURE DUE TO ESSA

Updated ESSA Coding Guidance

The Department of Elementary and Secondary Education's School Finance Section has posted updated documentation to provide districts and charter schools with guidance related to the coding changes required by ESSA. This document can be found on the [School Finance Accounting Manual webpage](#) under Accounting Structure Changes located under the heading FY 2019 Accounting Structure Changes "Accounting Structure Changes".

Two updated documents have been posted: "Project Codes" and "Function and Object Codes Required to have Expenditures Reported at a Building Level". A new project code has been created for Special Education MO Model Districts under 43708 and a new object code for the spending of fees received by fiscal agents when they expend cooperative fee revenues to pay for cooperative related expenditures.

Webinar to Explain and Discuss the Various ESSA Coding Guidance Documentation

On February 13, 2018, a webinar was held with speakers from School Finance, Special Education Finance, Federal Finance, Career Education, and Early Learning. You can view this webinar, obtain the handouts, and view a copy of the questions and answers at <https://dese.mo.gov/communications/webinar/essa-coding-guidance-discussion>.

Financial Management Training

The Department of Elementary and Secondary Education is planning two financial management training workshops for April 2018. Notification will be sent once dates and locations are finalized. Please be on the lookout for information regarding these trainings as significant time will be allocated to discussion of the upcoming coding changes and to answer questions in regards to coding of revenue and expenditures.

2017-18 BUDGET ESTIMATES

2017-18 Proposition C Sales Tax Payment Estimate Revision

The 2017-18 Proposition C Sales Tax payment is paid on the 2016-17 weighted average daily attendance (WADA) which was 912,339.3267 as of the February 2018 payment. Based on the WADA and estimated revenue of \$901,600,000 the 2016-17 estimated amount per WADA would be \$988. At this point we remain cautiously optimistic that Proposition C funds will remain strong during the second half of FY18 and that the projected amount per WADA will be realized. You are urged to continue to closely monitor the Proposition C receipts very closely for the remainder of the year.

Below is trend data for Proposition C Payments since the inception of the current foundation formula.

Year	Dollars Distributed	WADA	WADA Payment
2006-07	\$784,900,800	915,941.2936	\$857
2007-08	\$772,820,015	914,272.3027	\$845
2008-09	\$730,325,406	908,284.1060	\$804
2009-10	\$695,120,132	910,040.6792	\$764
2010-11	\$711,615,172	915,272.7157	\$777
2011-12	\$749,703,272	901,439.5600	\$832
2012-13	\$751,559,817	899,756.8400	\$835
2013-14	\$793,100,000	896,553.9900	\$884
2014-15	\$831,282,000	902,449.0100	\$921
2015-16	\$854,000,000	901,191.4300	\$947
2016-17	\$884,800,000	903,742.1800	\$979
2017-18	\$901,600,000		

2017-18 Basic Formula Estimate Revision

The Fiscal Year (FY) 2017-18 Basic Formula appropriation was \$3,392,907,149. Since the FY18 calculations appears to be less than the appropriation, the State Adequacy Target (SAT) has been adjusted in the February payment calculation to \$6,241. Please see Deputy Commissioner's Comments at the end of this memo.

House Bill 1689 – Early Childhood Program

House Bill 1689, passed during the 2014 legislative session, allows for a school district that operates an early childhood education program to receive state funding through the foundation formula for some students between the ages of three and five who are eligible for free and reduced lunch. This legislation will allow these students to be included in the average daily attendance calculation (ADA) of the district or LEA charter school. The total number of such pupils included in the ADA calculation cannot exceed 4% of the total number of pupils eligible for free and reduced lunch between the ages of three and eighteen who are included in the district's ADA calculation. This applies to the following districts during the listed time frames:

- District that has a status of unaccredited as of July 1, 2015.
 - May claim PK ADA during the 2015-2016 school year and subsequent years.
- District or charter school that has a status of unaccredited or provisionally accredited as of July 1, 2016.
 - May claim PK ADA during the 2016-2017 school year and subsequent years.
- This becomes applicable to all districts and LEA charter schools in any subsequent school year in which the Foundation Formula is fully funded.

More information on this topic can be found in guidance that has been posted on the Finance Topics & Procedures webpage at <https://dese.mo.gov/financial-admin-services/school-finance/finance-topics-procedures>. The document is titled PK Eligibility for State Aid.

2018-19 BUDGET ESTIMATES

2018-19 Basic Formula Estimate

The House of Representatives has begun preliminary consideration of House Bill 2002. At this point nothing has been passed out of the House for further deliberation in the Senate.

2018-19 Proposition C Sales Tax Payment Estimate

The Governor's Budget projected an increase in Proposition C revenue for the 2018-19 fiscal year. The 2018-19 Proposition C Sales Tax payment will be paid on the 2017-18 weighted average daily attendance (WADA).

With statewide ADA basically holding constant and the assumption that summer school will do the same, it is predicted that Proposition C Payment WADA will be in the vicinity of 912,000 in FY18. If the Revenue Estimate of \$917,500,000 is achieved, it would mean a WADA payment of approximately \$1,006. While it appears this level of collection is potentially achievable, caution should be used as determination of budget estimates are made.

Trend data for Proposition C Payments since the inception of the current foundation formula can be located in the section of this memo titled 2017-18 Proposition C Sales Tax Payment Estimate Revision.

2018-19 Classroom Trust Fund Estimate

The 2018-19 Classroom Trust Fund payment is paid on the 2017-18 average daily attendance of approximately 849,000. The projected Classroom Trust Fund revenue as stated in the Governor's recommendations for the 2018-19 budget is \$351,702,205. This estimated revenue will be divided by an estimated 2017-18 average daily attendance of approximately 849,000, which is approximately \$414 per ADA from the Classroom Trust Fund for the 2018-19 year. The Classroom Trust Fund is one of the funding sources of the Basic Formula and, like other funding areas; we will not know exactly the funding level until the appropriation process concludes. While it appears this level of collection is potentially achievable, caution should be used as determination of budget estimates are made. Please remember that this calculation is done to determine the proper placement of funds in accordance with statute.

As a reminder, Senate Bill 291 passed in the 2009 legislative session includes the following provision in Section 163.043.5:

For the 2010-2011 school year and for each subsequent year, all proceeds a school district receives from the classroom trust fund in excess of the amount the district received from the classroom trust fund in the 2009-2010 school year shall be placed to the credit of the district's teachers' and incidental funds.

DATA COLLECTION

Mid -Year Fund Balance Reporting

The mid-year fund balance reporting is a part of the February Core Data cycle on Core Data Screen 35. Each district is required to report the following information as of December 31, 2017:

- Incidental and Teachers Funds Unrestricted Ending Fund Balance as of December 31 that can be found in the district's accounting records.
- Tax Anticipation borrowing in the Incidental or Teachers Funds between July 1 and December 31.
- Transfers from the General Fund to the Capital Projects or Debt Service Funds between July 1 and December 31.

If you have any questions regarding this reporting, please contact School Finance at (573) 751-0357.

Core Data Screen 15 – Home School/Free and Reduced Lunch Data

The February Cycle MOSIS submission will populate the Home School/Free and Reduced Lunch Data, Core Data Screen 15, which is used to collect the number of students eligible for free or reduced price lunch as of the last Wednesday in January (January 31, 2018) in the category described in the Core Data Collection System Manual – State FTE Free or Reduced Lunch Eligible Students. A description follows:

State FTE Resident Free or Reduced Lunch Eligible Students

1. Report the full-time equivalency count of resident students enrolled in grades K-12 on January 31, 2018, and in attendance one of the 10 preceding school days whose eligibility for free or reduced lunch is documented (through the application process using federal eligibility guidelines or through the direct certification process). For districts that participate in the Community Eligibility Program (CEP) all of the students enrolled in the district (if CEP is chosen district wide) or all of the students enrolled in a CEP building (if only certain buildings at the district participate) are considered eligible for free and reduced lunch.
2. Report eligible students on a full-time equivalency (FTE) basis. A student attending one-half day is counted as .5, one-fourth day as .25, etc. Kindergarten students attending less than a full day per the first grade calendar are included in the counts as a ratio of the kindergarten calendar divided by the first grade calendar. Example: If the calendar for "full day" students in a school is 1050 hours and the calendar for kindergarten students is 630, then the FTE for those kindergarten students would be 630/1050 or .60. In no case should a full-time half-day kindergarten student be reported less than .50.
3. Eligible students are counted regardless of whether or not they actually eat lunch/breakfast.
4. Nonresident students are to be counted by the district which pays the tuition for those students and are reported as "Resident II Students".
5. Do not count students for whom the Department does not distribute state aid. (Students in preschool, the Parents as Teachers Program or state schools are not counted for state aid purposes.)
6. Students are reported by attendance center. The total free and reduced lunch eligible students for an attendance center may not exceed the attendance center's January membership count reported on Screen 16.
7. Desegregation students are considered residents of the district in which the students are educated. Deseg In free and reduced lunch student counts will populate in separate columns for each attendance center.

The above paragraph describes the count of students eligible for free or reduced price lunch which differs from the count used by Food and Nutritional Services in the National School Lunch Program. The criteria for the **National School Lunch** count of free or reduced lunch eligible students include:

1. Report on the monthly lunch claim for food service reimbursement the highest number of students eligible for free or reduced price lunch during the month being reported.
2. Report students on a head count basis. (Both part-time and full-time students are counted as 1 in the head count.)
3. Eligible students are those eligible for free or reduced price meals that have access to the lunch program. This eligibility would include PK students and students up to age 21 that are enrolled in a high school grade and are allowed access to the lunch program.
4. Eligible students are counted regardless of whether or not they actually eat lunch/breakfast.
5. Students are reported by the district in which they are educated.

Core Data Screen 16 – January Membership

The February Cycle MOSIS submission will populate Core Data Screen 16 providing a membership count of resident students who were enrolled on January 31, 2018, and were in attendance one of the previous ten school days. The February Cycle is due to DESE by February 15, 2018.

OTHER IMPORTANT REMINDERS AND TOPICS OF INTEREST

Inclement Weather

Districts/LEAs must comply with Section 163.021.1, RSMo, which requires compliance with the minimum term, including a minimum number of days and hours, to be eligible for state aid. Additionally, Section 171.033.4, RSMo, provides forgiveness for inclement weather days after a specified number of inclement weather days have been reached by a school district or charter school. Below is specific information regarding minimum day length, minimum hours of attendance, and inclement weather forgiveness day information.

Minimum Hours Required in a School Day

Severe weather increases the possibility of an early release from school. Section 160.041.1, RSMo, states that a minimum school day consists of at least 3 hours (except districts establishing less than a 174 day school calendar which require 4 hours) in which the pupils are under the guidance and direction of teachers in the teaching process. Districts must meet both the minimum day requirement and the minimum hour requirement as dictated by their respective calendar.

Minimum required hours of class time to count as a school day:

- 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 the day as an attendance day for calendar purposes.
- 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 the day as an attendance day for calendar purposes.

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 the 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 in the June MOSIS Enrollment and Attendance file submission for the ADA calculation for state aid purposes.

Missed School Days

Some school districts may have missed days this school year due to inclement weather. Per 171.033.4, RSMo:

“In the 2009-2010 school year and subsequent years, a school district may be exempt from the requirement to make up days of school lost or canceled due to inclement weather in the school district when the school district has made up the six days required under subsection 2 of this section and half of the number of additional lost or canceled days up to eight days, resulting in no more than ten total make-up days required by this section.”

“Inclement weather”, for purposes of this section, shall be defined as ice, snow, extreme cold, flooding, or a tornado, but such term shall not include excessive heat.

This rule applies to districts that plan to attend 174 days or more as well as to those districts that plan to attend less than 174 days (per Section 171.029, RSMo). Days 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.

Reminder: Days that are forgiven due to inclement weather will not have an adverse impact on the average daily attendance (ADA) calculation. This will create a situation which will have an effect on both components (both the total attendance hours and the hours in session) of the ADA calculation and, therefore, will not have a negative impact on the ADA.

The following two charts illustrate the make-up requirements associated with this statute.

Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10	Day 11	Day 12	Day 13	Day 14	+
M	M	M	M	M	M	M	F	M	F	M	F	M	F	F

Key:

M = Day must be made up

F = Day is forgiven

Days Missed	Days to Make Up
1 Day	1
2 Days	2
3 Days	3
4 Days	4
5 Days	5
6 Days	6
7 Days	7
8 Days	7
9 Days	8
10 Days	8
11 Days	9
12 Days	9
13 Days	10
14 Days	10
More than 14	10

The above information regarding inclement weather and a short FAQ are available at <https://dese.mo.gov/financial-admin-services/school-finance/finance-topics-procedures> under the Inclement Weather link.

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 Improvement 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.

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. For questions regarding what debt should be entered on the portal please do not hesitate to contact School Finance at 573-751-0357.

Fiscal Year 2017 Audit Submission

As a reminder, any district or charter school that has **not** uploaded their signed board minutes and/or management letter (from the auditor, not the management representation letter) into the Tiered Monitoring System needs to do so as soon as possible.

STUDENT TRANSPORTATION

2017-18 State Transportation Aid Calculation

The fiscal year 2017-18 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 fifth live state transportation calculation made for the current year. The calculation is based on 2016-17 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 February 2018 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>
February 2018	70.366950%	3.553521	-1.408367

Ridership List

The second ridership list for the current school year should have been finalized on the second Wednesday of February (February 14, 2018). This list should be a compilation of the students' names that regularly ride the bus from the beginning of the second semester to the February count day and should identify which students are eligible for state transportation aid (those living one mile or more from school) and those ineligible for state transportation aid (those living less than one mile from school).

The ridership list should not be a listing of all students who are eligible or ineligible to ride the buses nor should it be a listing of only those students riding on the count day, but should be a listing of students regularly riding the buses. A student should ride the bus a minimum of once a week to be considered a regular rider.

Certified School Bus Driver Instructor Training

The Certified School Bus Driver Instructor recertification training will be held in Columbia on July 20, 2018. The Certified School Bus Driver Instructor workshop is scheduled for July 25-27, 2018, 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.

DEPUTY COMMISSIONER'S COMMENTS

There has been much discussion about the full funding of the Foundation Formula in FY 18. The majority of this discussion is due to the trigger for the inclusion of Pre-K ADA in the formula. Full funding can be achieved by using a State Adequacy Target (SAT) of \$6,241, which is the SAT that was used in the February payment. Based on the Formula Weighted Average Daily Attendance (FWADA) for this year and the financial projection for the remainder of the fiscal year an SAT of \$6,241 should be able to be maintained. While paying out at an SAT of \$6,241 is one trigger, another trigger is the language in the statute that uses the word "appropriated" only and does not use this in conjunction with expended. The Department believes this language also triggers the inclusion of Pre-K for ADA in the formula.

School Finance

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