

January 20, 2012

TO: School District Administrators

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

RE: January Finance/Transportation/Governance Information

January Foundation Payment Calculations

The January 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 (webreplyadmsf@dese.mo.gov) with questions or concerns about the district's calculations.

Mid Year Fund Balance Reporting

The mid year fund balance reporting will occur as a part of the February Core Data Cycle on Core Data Screen 35. Each district will be required to report the following information as of December 31, 2011:

- Incidental and Teachers Funds Unrestricted Ending Fund Balance as of December 31.
- 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 25, 2012) in two categories described in the Core Data Collection System Manual – Federal Programs Head Count and State FTE Free or Reduced Lunch Eligible Students. A description of each follows:

Federal Programs Head Count of Free or Reduced Lunch Eligible Students

1. Report the head count taken on January 25, 2012, of children ages 5-17 inclusive (as of October 1, 2011) who reside in the district, whose eligibility for free or reduced lunch is documented (through the application process using federal eligibility guidelines or through the direct certification process), and who do not attend a private or parochial school.
2. Report students on a head count basis. (Both part-time and full-time students are counted as 1 in the head count process.)
3. Eligible students are counted regardless of whether or not they actually eat lunch/breakfast.
4. Students are reported by their county of residence. (Desegregation students are counted by the district in which the student resides.)

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 25, 2012, 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).

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 two paragraphs described counts of students eligible for free or reduced price lunch may differ from the count used by School Food Service 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 25, 2012, and were in attendance one of the previous ten school days. The February Cycle is due to DESE by February 15, 2012.

Estimated Regular Term ADA

The estimated regular term ADA for 2011-12 may be entered on the August Core Data Screen 2 in the Estimated ADA field. Districts should report the estimated regular term ADA for the **2011-12** year *only if the district's 2011-12 regular term ADA is expected to be greater than both the 2009-10 and 2010-11 regular term ADA totals* and the district wants to be paid in 2011-12 on the 2011-12 estimated number. All charter schools must report the estimated regular term ADA for the 2011-12 year. Regular term average daily attendance includes remediation attendance outside the regular school day. Do not include summer school attendance in this estimate. Revisions to the 2011-12 estimated ADA may be made through May 15, 2012. Contact School Finance staff if you have questions about estimating ADA.

SCHOOL GOVERNANCE

No items this month.

SCHOOL TRANSPORTATION

2011-12 State Transportation Aid Calculation

The fiscal year 2011-12 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/divadm/finance/FinancialRpt.html>.

This is the fourth live state transportation calculation made for the current year. The calculation is based on 2010-11 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 January 2012 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> |
| January 2012 | 63.560550 | 3.231557 | -1.425682 |

School Bus Purchases

Missouri Statute 304.060, RSMo, requires school districts to comply with State Board of Education regulations that set school bus safety standards (this statute carries a “guilty of misconduct” violation for any school employee who does not comply with this requirement). School districts and their school bus contractors are required by State Board of Education Regulation 5 CSR 30-261.025 to operate only school buses that meet Missouri Minimum Standards for School Buses. In addition, school bus manufacturers are also charged in the Minimum Standards with certifying that their product meets the Minimum Standards for School Buses.

Please make sure that all school bus purchases, *including used school buses*, specify that the school bus meets Missouri Minimum Standards for the year in which the bus was manufactured. Several states do not have the same specifications that Missouri does including the fire block seat upholstery, the second stop arm, and the lower side skirts.

Ridership List

The second ridership list for the current school year must be finalized on the second Wednesday of February (February 8, 2012). 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.

Deputy Commissioner's Comments

As was indicated in the December memo the proration factor used in the January payment has been increased to .93. This change should have resulted in your district seeing an increase in its Foundation Formula payment entitlement. This adjusted most districts annualized totals resulting in a larger adjustment for the January payment. Districts should not expect to receive payments in similar amounts during the rest of the year.

Below is the most current revenue data for Missouri. As you can see the revenue trend has remained flat for the first half of the fiscal year. I urge you to continue to monitor this data on a monthly basis. Doing so will give you a clearer picture as to the ability of the state to meet its appropriation commitments for the remainder of FY12, an insights into budget projections for next year.

Revenue Trends YTD

| | <u>YTD as of</u> <u>December FY11</u> | <u>YTD as of</u> <u>December FY12</u> | <u>Revenue</u> <u>Change</u> | <u>%</u> <u>Change</u> |
|----------------------------|--|--|---------------------------------|---------------------------|
| Individual Income Taxes | \$2,440,000,000 | \$2,490,000,000 | \$50,000,000 | 2.05% |
| Sales & Use Taxes | \$898,300,000 | \$918,200,000 | \$19,900,000 | 2.22% |
| Corporate Inc. & Franchise | \$244,600,000 | \$218,500,000 | (\$26,100,000) | -10.67% |
| Other Collections | \$219,100,000 | \$168,800,000 | (\$50,300,000) | -22.96% |
| Increase in Revenue YTD | | | (\$6,500,000) | 00.99% |
| | | | <u>Refund</u> <u>Change</u> | |
| Refunds (YTD) | \$351,000,000 | \$307,900,000 | (\$43,100,000) | -12.28% |
| Net Revenue Status YTD | \$3,451,000,000 | \$3,487,600,000 | \$36,600,000 | 1.06% |

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

Gaming Revenue YTD

| | <u>Prior Year</u> | Current Year | % Change |
|--|-------------------|---------------|----------|
| Total Gaming Proceeds to Education | \$169,080,568 | \$168,882,338 | -0.12% |
| Gaming Revenue Appropriated | \$354,500,000 | | |
| Percentage of Budget Year Reflected YTD | 50.00% | | |
| Percentage of Appropriation Realized YTD | 47.64% | | |

The General Assembly is in its initial stages of this session and has begun work that will impact all state services in FY13. The challenges are considerable largely due to the funding shortfall. A shortage of revenue will certainly make the need to address the Foundation Formula much more difficult. I know we will all be watching this progress very closely through the duration of the session.



Ronald Lankford