

January 22, 2013

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 (finadmgo@desemo.gov) with questions or concerns about the district's calculations.

Prior Year (2011-12) Adjustment - Basic Formula

Each year the prior year's formula apportionment is recalculated to reflect the best actual data applicable for that payment year. The 2011-12 Basic Formula calculations were made using the highest of the 2011-12 estimated weighted average daily attendance (WADA), the 2010-11 actual WADA, or the 2009-10 actual WADA. Districts will receive a positive or negative recalculation based on the current data.

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, 2012:

- 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 30, 2013) 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 30, 2013, of children ages 5-17 inclusive (as of October 1, 2012) 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 30, 2013, 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 30, 2013, and were in attendance one of the previous ten school days. The February Cycle is due to DESE by February 15, 2013.

Estimated Regular Term Average Daily Attendance (ADA)

The estimated regular term ADA for 2012-13 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 **2012-2013** year *only if the district’s 2012-13 regular term ADA is expected to be greater than both the 2010-11 and 2011-12 regular term ADA figures* and the district wants to be paid in 2012-13 on the 2012-13 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-AAttendanceReporting.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 2012-13. Payment is made to charter schools on current year attendance.

Revisions to the 2012-13 estimated ADA may be made through **May 15, 2013**. Contact School Finance staff if you have questions about estimating ADA.

SCHOOL GOVERNANCE

QZAB Extension

On January 1, 2013 the United States House of Representatives passed the Fiscal Cliff bill that had been passed earlier by the United States Senate. Included in this bill was a two year extension of the Qualified Zone Academy Bond (QZAB) program. The extension will include a \$400 million allocation nationwide for each of the next two years. The U.S. Treasury Department will determine the state allocations and should make those public sometime in late February or early March. More information will be provided as it becomes available.

SCHOOL TRANSPORTATION

2012-13 State Transportation Aid Calculation

The fiscal year 2012-13, 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 2011-12 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 2013 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 2013	63.135228	3.229906	-1.318275

Prior Year (2011-12) Adjustment – Transportation

Each year the prior year’s state transportation aid calculation is recalculated to reflect the best actual data applicable for that payment year. The 2011-12 transportation calculations were made using 2010-11 transportation data from the latest 2010-11 ASBR. Districts will receive a positive or negative recalculation based on the current data.

2013 Missouri Minimum Standards for School Buses

The final version of the *2013 Missouri Minimum Standards for School Buses* has been posted to the School Transportation website. This amendment of the Missouri Minimum Standards for School Buses impacts school buses manufactured with a bus body tag “build date” later than December 31, 2012. The 2013 Missouri Minimum Standards for School Buses can be viewed and printed at <http://dese.mo.gov/divadm/trans/MinStdIndex.html>.

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 13, 2013). 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

Revenue Trends YTD

	YTD as of <u>December FY12</u>	YTD as of <u>December FY13</u>	Revenue <u>Change</u>	% <u>Change</u>
Individual Income Taxes	\$2,490,000,000	\$2,630,000,000	\$140,000,000	5.62%
Sales & Use Taxes	\$918,200,000	\$920,900,000	\$2,700,000	0.29%
Corporate Inc. & Franchise	\$218,500,000	\$214,500,000	(\$4,000,000)	-1.83%
Other Collections	\$168,800,000	\$236,000,000	\$67,200,000	39.81%
Increase in Revenue YTD			\$205,900,000	5.42%
			Refund	
Refunds (YTD)	\$307,900,000	\$240,700,000	(\$67,200,000)	<u>Change</u> -21.83%
Net Revenue Status YTD	\$3,487,600,000	\$3,760,700,000	\$273,100,000	7.83%
	(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	\$163,690,727	\$168,885,931	(3.17%)
Gaming Revenue Appropriated		\$319,696,995	
Percentage of Budget Year Reflected YTD		50.00%	
Percentage of Appropriation Realized YTD		51.20%	

1. **Revenue Trend:** As you can see above the revenue in Missouri continues to show modest gain at the mid-point of this fiscal year. While individual income taxes show a better picture, sales tax revenue is only

slightly ahead of last year. It should be again noted that other collections have increased largely due to some settlements associated with the mortgage industry. Gaming revenues lag behind last year, but remain slightly ahead of the revenue budget target. Hopefully the revenue trend can be sustained during the second half of the fiscal year.

2. **Preliminary DVM Recalculation:** At the August conference it was indicated that the Department would run a preliminary calculation of the dollar value modifier and make it available mid-year to help districts as they plan for FY14. The final calculation will be made following the refreshment of the data for all states by the Bureau of Economic Analysis sometime in April.

If you wish to estimate the potential impact this recalculation might have on your district, look at the January payment sheet for your district; change the DVM on line 4 if applicable; and increase the percentage multiplier to 92.9787645%. By running this calculation you will be able to make a preliminary estimate of how this change might impact your formula funding for FY 14. Please note; however, that the actual calculation for FY14 will be based on the highest of the 2013-14 estimated weighted average daily attendance (WADA), the 2012-13 actual WADA, or the 2011-12 actual WADA and therefore will differ from the estimate you may make based upon current WADA.

FY 14 DVM Link: <http://dese.mo.gov/divadm/finance/documents/fas-FY14PreliminaryDVMCalculation.pdf>

As all are aware the General Assembly convened the new session on January 9. Planning and preparing for a new state budget is much like what districts do each year. There are many advocates for priorities deemed special by interested Missourians. It is my hope that the economy will continue a steady climb in upcoming months. If this happens it will enable those who have been elected to better execute what is a very difficult task.

As always, if any of you have questions please feel free to contact myself or our staff.

Best Wishes



Ronald Lankford