

January 21, 2014

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.

Prior Year (2012-13) 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 2012-13 Basic Formula calculations were made using the highest of the 2012-13 estimated weighted average daily attendance (WADA), the 2011-12 actual WADA, or the 2010-11 actual WADA. Districts will receive a positive or negative recalculation based on the current data. Any adjustment to data will impact each district in the state since DESE is redistributing the 2012-13 fixed dollars. The proration percentage change is:

June 2013	0.92583743
December 2013	0.92381263
January 2014	0.92388398

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-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 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, 2014**. Contact School Finance staff if you have questions about estimating ADA.

Inclement Weather

Districts 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 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 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 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 <http://dese.mo.gov/divadm/finance/topicsandprocedures/index.html>

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, 2013:

- 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 29, 2014) 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 29, 2014, 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 paragraph describes the count of students eligible for free or reduced price lunch which differs 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 29, 2014, and were in attendance one of the previous ten school days. The February Cycle is due to DESE by February 15, 2014.

SCHOOL TRANSPORTATION

2013-14 State Transportation Aid Calculation

The fiscal year 2013-14 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 fifth live state transportation calculation made for the current year. The calculation is based on 2012-13 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 2014 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 2014	63.303650	3.238333	-1.257763

Prior Year (2012-13) 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 2012-13 transportation calculations were made in December 2013 and January 2014 using 2011-12 transportation data from the latest 2011-12 ASBR. Districts will receive a positive or negative recalculation based on the current data.

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 12, 2014). 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

	<u>YTD as of December FY13</u>	<u>YTD as of December FY14</u>	<u>Revenue Change</u>	<u>% Change</u>
Individual Income Taxes	\$2,630,000,000	\$2,710,000,000	\$80,000,000	3.04%
Sales & Use Taxes	\$920,900,000	\$979,600,000	\$58,700,000	6.37%
Corporate Inc. & Franchise	\$214,500,000	\$260,600,000	\$46,100,000	21.49%
Other Collections	\$236,000,000	\$187,100,000	(\$48,900,000)	-20.72%
Increase in Revenue YTD			\$135,900,000	3.40%
				<u>Refund Change</u>
Refunds (YTD)	\$240,700,000	\$266,200,000	\$25,500,000	10.59%
(A decrease in refunds enhances Net Revenue. An increase in refunds diminishes Net Revenue.)				
Actual Net Revenue Status YTD	\$3,760,700,000	\$3,871,100,000	\$110,400,000	2.94%

Adjusted FY 14 Revenue:	\$3,720,700,000	\$150,400,000	4.04%
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This information reflects the comparison of net revenue after an adjustment due to a one-time receipt of a \$40,000,000 mortgage settlement to Missouri that was posted in July, 2012 in Other Revenue.

Gaming Revenue YTD

	<u>Current Year</u>	<u>Prior Year</u>	<u>% Change</u>
Total Gaming Proceeds to Education	\$156,504,014	\$163,597,287	-4.53%
Gaming Revenue Appropriated	\$375,395,340		
Percentage of Budget Year Reflected YTD		50.00%	
Percentage of Appropriation Realized YTD (\$10 M Unclaimed Lottery Included in Calculation)		44.40%	

1. **General Revenue Trend:** The month of November continued to show a positive trend. While the economy is not yet as robust as all would hope for it remains everyone's hope that the second half of the year will continue the climb we have seen thus far.
2. **Gaming Revenues:** Year-to-date revenue continue to trail those revenues compared to FY13. This ongoing trend is important due to the fact that the \$65.8 million appropriations increase in the foundation formula for FY14 was tied to this source. Now that the trajectory is established we will be able to continue monthly releases of carryover funds spoken of in prior memos with reasonable confidence that a negative adjustment will not have to be made in June.
3. **Dollar Value Modifier Recalculation (DVM):** We are currently working on the data used to calculate the DVM and plan to have that information available by the February payment memo.

These past two weeks have seen activity pick up considerably. The Christmas Holiday period gave some time for some rest and relaxation, but the pace is quick now. The return of the General Assembly always significantly increases the activity for all state agencies which is understandable. In the five months legislators are in session they have much to do and are in need of critical information as they attempt to make the decisions they believe best for Missouri. Much like school leaders experience daily, there are many who are more than willing to offer advice on every decision that is before them. They certainly have a difficult job to do and face many pressures along the way. It is my hope that after these next few months have passed, we can all look back and say that the accomplishments over that time will assure that Missouri continues to be an outstanding place to call home. I am certain that by working together we will accomplish that objective.

My best to each of you.



Ronald Lankford